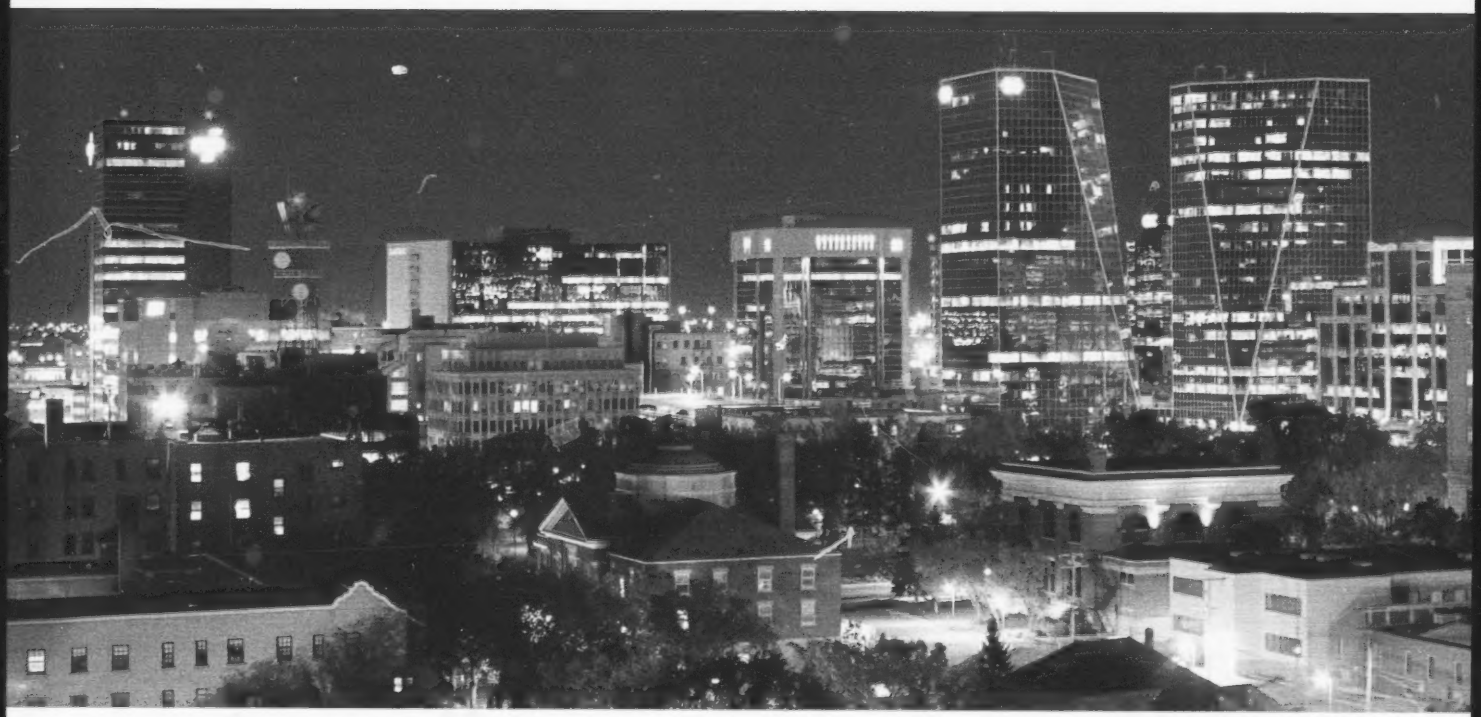
CITY OF REGINA

SASKATCHEWAN, CANADA

2012 ANNUAL REPORT

YEAR END DECEMBER 31, 2012



City of Regina | REGINA
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City of Regina
Saskatchewan, Canada

2012 Annual Report

Year Ended December 31, 2012

City of Regina | REGINA
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Government Finance Officers Association

Canadian Award for Financial Reporting

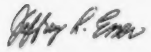
Presented to

City of Regina

Saskatchewan

For its Annual
Financial Report
for the Year Ended

December 31, 2011



Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the Corporation of the City of Regina for its annual financial report for the fiscal year ending December 31, 2011. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports.

In order to receive the Canadian Award for Financial Reporting, a municipal government must publish an easily readable and efficiently organized annual financial report. The contents of the report must conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.

This is the 20th time the City of Regina has received an award for its Annual Financial Report.

The 2012 Annual Financial Report for the City of Regina was prepared by the Finance Department, with contributions from all City Departments and related organizations.

City of Regina, Saskatchewan, Canada

Regina.ca

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Introduction

Message from the City Manager

May 21, 2013

His Worship, the Mayor
and Members of City Council

I am pleased to submit the City of Regina's 2012 Annual Report. The Annual Report is submitted pursuant to Section 155 of The Cities Act. The Annual Report includes consolidated financial statements for the City of Regina as required by the Public Sector Accounting Standards Board (PSAB). The Annual Report includes financial, statistical and other information about the City of Regina and related entities to provide an understanding of the City and the resources available to the City.

The Annual Report consists of the following sections:

Introduction
The introduction familiarizes readers with the strategic focus of Council and its Administration, the political and organizational structure of the City, and the nature and scope of the services provided by the City. Highlights include key facts and successes which demonstrate responsible growth, safe communities, and quality of life that the City of Regina strives to achieve.

Financial Statement Discussion and Analysis
This section provides explanations and trend analyses to provide a broader understanding of the financial statements.

Financial Statements
Detailed financial statements of this section include the Consolidated Financial Statements and the General Trust Fund financial statements.

The preparation and presentation of the financial statements and related information contained in this annual report is the responsibility of the City's Administration. The statements have been prepared on a basis consistent with the recommendations of PSAB. Included in the consolidated financial statements are those entities that are accountable to and owned or controlled by the City of Regina. These entities include: Regina Public Library, Regina Regional Opportunities Commission, Buffalo Pound Water Administration Board, Regina Downtown Business Improvement District and Regina's Warehouse Business Improvement District.

City Council appointed the accounting firm of Deloitte, LLP to perform an independent audit of the City's 2012 financial statements. Their report is included in this document. The City's system of internal controls ensures the accuracy and reliability of the financial information. The Finance and Administration Committee reviews the external auditor's audit plan, and ensures corrective action is taken for weaknesses identified in the City's internal control system.

As noted, the consolidated financial statements include information on the City's financial position and operating results, along with those of several related entities. The City's operations are typically segmented (General Operating, General Capital, Utility Operating and Utility Capital) for budgeting and reporting purposes. In the financial statements, segment disclosure is also provided by divisional areas.

Based on the consolidated information, the following points are noted for 2012:

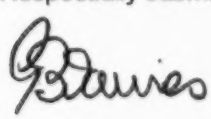
The City (consolidated entity) had net financial assets of $80.4 million at the end of 2012, an increase of $21.2 million from net financial assets of $59.2 million at the end of 2011.

Total revenues in 2012 were $528.6 million, an increase of $33.4 million from 2011. Total expenses in 2012 were $421.6 million, an increase of $35.1 million from 2011.

The planning, development and monitoring of the annual operating and capital budgets is a fundamental component of the City's financial administration. For 2012, the City's General Operating Fund ended the year with an operating surplus of approximately $8 million. The surplus is determined on a basis consistent with the presentation of the 2012 General Operating Budget before PSAS standards are consolidated and applied.

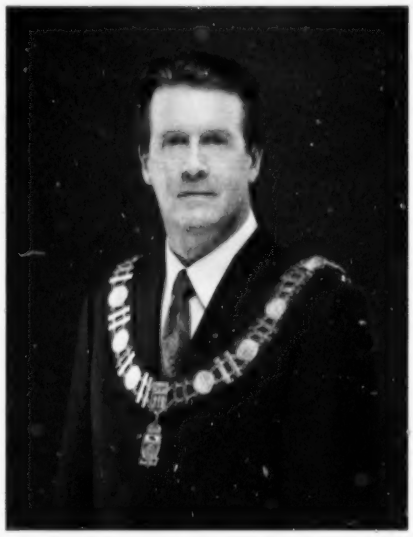
The City's achievements in providing accurate and articulate financial statements were recognized by the Government Finance Officers Association of the United States and Canada (GFOA) for the 20th consecutive year. GFOA awarded a Canadian Award for Financial Reporting to the City of Regina for its Annual Financial Report for the fiscal year ended December 31, 2011. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports. To be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily-readable and efficiently-organized annual financial report with content that conforms to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

Respectfully submitted,



Glen B. Davies
City Manager

Message from the Mayor



Dear Regina citizens:

On behalf of my colleagues on City Council, I am very pleased to present the 2012 City of Regina Annual Report.

Regina is a growing and prosperous city and leads Canada for a number of economic performance measures, such as unemployment rate and GDP growth.

Regina is changing, and is a very different community in so many ways. We are now a much more confident, prosperous and bold city, and one which is just beginning to tap into its significant potential.

There are many exciting opportunities that lie before us. We are seizing those opportunities and preparing for growth. People from all over the world are choosing to move here. This is a wonderful and exciting time for our city.

This Report provides a snapshot of the numerous projects with which the City has been involved over the past year. Our vision is to create a vibrant, inclusive, attractive, sustainable community where people live in harmony and thrive in opportunity. All of our work is geared to achieving that vision. I want to say a special thank you to our many City of Regina employees who work tirelessly to help us move towards our vision, and make Regina the great place it is to live, work and raise a family.

I also want to applaud my Council colleagues for their dedication to this City. They are a dedicated team who work hard every day on behalf of residents. I can't think of a better group of colleagues with which to work.

I look forward to another great year in 2013, as our City continues to evolve into the exciting and prosperous community it is becoming.

Join us on our journey. There are many ways to become involved in City of Regina programs and services – you can join a committee, volunteer for one of the numerous activities, participate at a forum or open house or follow us on Facebook and Twitter. I also encourage you to stay in touch with us by talking to your Councillor and by attending Council meetings.

These are exciting times in Regina. We'd love to have your feedback, help, and support as we work together in the transition to a bold and confident Regina.

Sincerely,

Michael Fougere
Mayor of Regina

Vision, Mission & Values

City Council and the administration are committed to providing a strategic focus for the future of our community. In 2008, the City of Regina rolled out its five-year corporate strategic plan, Accelerating Excellence 2008-2012, to determine the path for achieving its mission and vision.

Our Vision

Canada's most vibrant, inclusive, attractive, sustainable community, where people live in harmony and thrive in opportunity.

- **Vibrant:** Young people and creative spirits are inspiring dynamic neighbourhoods and an exciting downtown, all of which feature first-rate facilities for health, wellness and artistic expression.
- **Inclusive:** Our community welcomes people. We live the values of respect and trust and celebrate the strength that comes from our diversity.
- **Attractive:** Residents and visitors choose Regina because it's clean, green, lively, friendly, affordable and fun!
- **Sustainable:** People forge a balance between the economic, social, environmental and cultural dimensions of their decisions by serving as stewards of the resources we share and by demonstrating leadership.
- **Harmony:** Empathy and understanding come from, and lead to, being safe in our homes and neighbourhoods; building strong social networks throughout the community creates synergy and sense of belonging.
- **Opportunity:** The entrepreneurial spirit powers Regina as a centre of success where research, innovation and excellence abound.

Our Mission

We aspire to be the best run municipality in Canada providing services that enhance the quality of life. We serve our community, support the Vision of Council and live our Values.

Our Values

- **Performance Driven & Accountable:** We all demonstrate leadership qualities. We instil a sense of mutual responsibility, open communication and teamwork while being accountable to each other, our community and Council. Our efforts are performance driven and outcome based.
- **Responsive & Respectful:** We cultivate a professional environment by being responsive and respectful in our conduct and interactions. We focus on safety, diversity and mutual respect.
- **Innovative & Creative:** We continuously improve by promoting innovative approaches to our work and how we serve our community and Council. We are creative, purposeful and take measured risks which results in new ways of doing business and being cost effective.
- **Focused on Excellence:** We are results oriented, providing excellent, responsive and accessible service.

2012 City Highlights

Growing our city responsibly:

- The 2012 National Infrastructure Summit (NIS) took place in Regina in September with an attendance of approximately 320 people from across Canada. The goal of both the 2011 and 2012 NIS events was achieved: To bring all orders of government and private stakeholders together to demonstrate the need for a long-term, predictable, stable funding program and to commit to, discuss and incorporate the principles of innovation, citizen engagement and various financing and funding opportunities.

- The City continued moving forward with plans to implement a recycling service in July 2013 for all homes that receive City garbage collection. Loraas Disposal was awarded the contract for recycling collection. Emterra Environmental was awarded the contract for processing the recyclables and selling them on the open market, with the City receiving 25 per cent of the profits.

- The City of Regina supported the Saskatchewan Roughrider Football Club as it initiated the Mosaic Stadium Legacy Project. In preparation for the 2013 Grey Cup event, the City took on a management role, provided day-to-day project support and direction, and provided technical advice and engineering support.

- Regina Transit uses a smart card-based, electronic fare collection system, the "R-Card." The R-Card pass changed from a calendar month pass to a 31-day pass, effective on the purchase date. Purchasing the pass at any time of the month maximizes value to customers, and as a result decreased the end-of month lines at the Transit Information Centre and businesses that sell the passes.

- Transit Live completed a pilot project in December 2012. The system provides customers with real time bus information and operational information for quality monitoring. The pilot was such a success that a full-time system was approved for 2013.

- Parking meters were upgraded to accept the new $1 and $2 coins, which avoided a potential loss in revenue of $30,000 in 2012 and a forecasted $200,000 for 2013 due to the increased percentage of new coins in circulation. The upgrade project has also resulted in a 33 per cent reduction of time needed to service the parking meters, allowing the branch to focus on other initiatives such as refurbishing deteriorated parking meters.

- Council endorsed 8 Community Priorities developed through Design Regina, the process to develop the Official Community Plan (OCP). These priorities were developed through an extensive public engagement process and will provide direction for the policies in the Plan. As well, research continued to improve the understanding of the current state of the community and identify trends to consider as the plan to guide future decisions is completed. The OCP is anticipated to be completed in 2013.

- Two new office buildings on 14th Avenue and Rose Street and 14th Avenue and Halifax Street were approved in accordance with the newly adopted Office Policy in the Official Community Plan.

- Two development applications for office buildings in the downtown were submitted and processed in accordance with the urban design standards of the newly adopted Downtown Zoning Bylaw. They are expected to proceed to City Council in 2013.

- The City funds affordability and sustainability initiatives through the Social Development Reserve. In 2012, approximately $1.4 million of funding will be applied to not-for-profit and private developments that meet the affordability criteria.

- Contributions towards affordable housing saw an increase of approximately $300,000 per year, and further, the City provided more than $250,000 in land in 2011 and provided approximately $150,000 worth of land to low income developers in 2012.

- The City provides more than $500,000 per year in tax exemptions to promote housing development through the Neighbourhood Building Blocks and other housing incentive programs. In 2012, 59 properties qualified for exemptions, and in total, 374 housing units received exemptions to stimulate housing development.

- Administrative and procedural support was provided for City Council, 3 quasi-judicial boards and 16 committees.

- In 2012, Administrative support was provided for an average of 21 meetings per month resulting in a total of 213 meetings held throughout the year. In addition, the Office of the City Clerk created and delivered 255 agendas to elected officials and citizen members of committees.

- Access to information requests through the Office of the City Clerk are tracked as "formal" and "informal" requests. As of December 18, 2012, the office received and processed 42 formal requests, 103 requests for health department files, and 36 informal requests. The volume of requests received and processed through this area has continued to increase year after year, and more than doubled from 2011.

- The City's transportation network includes 54 bridges, 42 concrete bridges (of which 8 are rail overpasses) and 4 timber bridges. The Saskatchewan Ministry of Highways and Infrastructure turned over the bridges to the City in April of 2011 as part of the Urban Highway Connector Program. The City also has an inventory of 31 pedestrian bridges.

- The City of Regina maintains a total inventory of more than 60,000 street signs.

- The City has 177 signalized intersections, 9 pedestrian half signals, 69 pedestrian corridors, and approximately 900 expressway lights.

- The Regina Police Service partnered with the Open Door Society to create 60 videos for newcomers to Regina. These videos are a powerful tool as policing and trust can vary by country, and they provide useful information to Regina residents in their first language. The videos consist of 6 topics, ranging from how to report a crime, to how to talk to police, and are recorded in the top 10 languages of newcomers.

Supporting safe communities:

- The Public Education section of the Regina Fire Department partnered with "Kids First" to deliver fire and life safety education to young families. This program was recognized internationally as a model in fire prevention and education.

- The Regina Fire Department achieved the status of Accredited Agency from the Center of Public Safety Excellence in August 2012. This prestigious status was obtained through the pursuit of International Fire Service Accreditation, third party recognition of services, programs and governance that are measured against industry best practices. As part of the accreditation process, the department completed a comprehensive community risk assessment and developed the "Standards of Cover" that will serve as the basis for future service delivery decisions.

- The Regina Fire Department, in partnership with the Regina Senior Citizens Centre and the Regina Housing Authority, introduced a new fire and life safety education program designed to engage the growing senior citizen community. The program is titled, "Remembering When: a fire and fall prevention for older adults".

- The Emergency Management Program of the Regina Fire Department continues to evolve with 159 staff and 33 partner agency staff trained to the Incident Command System (ICS) 200 level. To support this training, two major exercises were conducted at the University of Regina and Regina Airport Authority in 2012.

- On an annual basis, the Regina Fire Department successfully trains and certifies 260 personnel in Hazardous Materials, Emergency Medical Care, Incident Command System, Flashover Survival, Technical Rescue and other related disciplines.

- In September 2012, Regina Transit installed security cameras on 63 of its buses. This feature provides a more secure environment for both our customers and employees.

- A five-year funding sustainability and equipment modernization strategy continued to be implemented for Transit and Fire fleets. When completed in 2015, the replacement of Transit and Fire fleet vehicles will be fully funded by a dedicated reserve, and the average age of both fleets will be reduced to accepted industry guidelines.

- Each year, more than 28,000 bylaw related inspections are completed and more than 10,000 Requests for Service (RFS) are responded to. This is 21 per cent of the total service calls received by Service Regina.

- The Traffic Control & Parking Branch provided the following services in 2012:
  - design and installation of 674 traffic accommodations and detours;
  - coordinated traffic for 30 special events;
  - 310 over-dimensional moves coordinated through the city;
  - 976 temporary street use by contractors and the film industry; and
  - 20 new accessible parking zones at private residences.

- Regina Police Service was named one of Saskatchewan's Top Employers in 2012 for the third consecutive year. Programs such as United Way, Tree of Warmth, and Pink Shirt Day, an anti-bullying initiative, make the Regina Police Service a vibrant and fun workplace.

- The Regina Police Service adopted a new crest in 2012. Following the trend of many police agencies across Canada, Regina Police now have a coat of arms as its crest. This progressive change meant a slow roll out of new vehicle wraps, and a new flag.

- Many of the initiatives identified in the Regina Police Service's Strategic Plan make it more effective and efficient to address public safety in Regina. Examples include a review of traffic collisions at intersections to determine if the red light camera program should be

expanded, implementation of performance measures for Fleet to track maintenance and workload, and technological enhancements that will strengthen the capacity to do reactive and proactive investigations of technology related crime.

Enhancing quality of life:

- The City of Regina launched the first Open Government program in Saskatchewan in February 2012. The program consists of three components: Open Data, Open Information and Open Dialogue.
    - The City received the Culliton Right to Know Award from the Information and Privacy Commissioner of Saskatchewan in September 2012 because this program demonstrated leadership in providing access to information and commitment to transparent and accountable government practices.
    - There are currently 28 data sets and 22 records, including Mayor and Councillor Expense Reports and Public Accounts, available on the Open Government website.

- In 2012, the City of Regina's use of online and interactive communications tools continued to grow:
    - The City of Regina website received more than 1.5 million visits (an increase of 100,000 visits) and, according to the annual citizen survey, it remains the first choice for residents when seeking information about City programs and services;
    - Access by mobile devices (tablets or smart phones) increased 400 per cent and represents 20 per cent of traffic on Regina.ca;
    - The CityApp mobile app has now been downloaded more than 12,000 times which is a 400 per cent increase from 2011;
    - The City Facebook page is approaching 22,000 users, and continues to be the largest Facebook page of all Canadian municipalities;
    - Transit launched its Facebook page and Twitter feed and became the first City department to have its own social channels;
    - City YouTube videos have now been viewed more than 100,000 times, representing an increase of more than 65,000 views when compared to 2011;
    - The City has about 11,000 Twitter followers, a significant increase from 5,000 in 2011.

- Communications staff were the recipients of a Gold Medal from the prestigious Government Technology Awards in the category of "Next Generation Leadership"

- The new ward boundaries were implemented for the 2012 Municipal/School Board Election. The Election resulted in a 32 per cent voter turn out, which was a 7.03 per cent from the 2009 turn out. As well, new to the election were increased advance voting opportunities along with a new drive thru voting option that saw approximately 300 vehicles go through.

- Election 2012 was our second social election and we once again used videos. There were twice as many candidates but the videos were viewed four times as much (in 2009 there were 39 videos and 10,000 views, and in 2012 there were 76 videos and 40,000 views.)

- The City Cemetery staff hosted a successful Western Canada Cemetery Conference in September 2012.

- Tornado Legacy Day was on June 30, producing A Downtown Walking Tour guide pamphlet, tours given, and a new plaque was installed to commemorate the 100th anniversary of the 1912 Tornado.

- The Sweeping & Alleys Branch swept approximately 3,100 km of streets and 1,300 km of sidewalks and boulevards. The Alley Program reconstructed approximately 33 paved alleys, refreshed approximately 130 gravel alleys, reconstructed 5 gravel alleys, and maintained 135 km of gravel alleys. In addition, this branch also maintained 30 km of high-grade roads, repaired various easement locations, and washed and maintained 54 bridge locations.

- The gas collection system at the Landfill destroys approximately 1,000 tonnes of methane gas each year, which reduces greenhouse gases.

- Each year approximately 70,000 people visit the Neil Balkwill Civic Arts Centre (NBCAC) for a variety of exhibitions, arts and culture programs/opportunities as well as hosting its own cultural events from the site. In honour of the Centre's 30th anniversary, the NBCAC hosted a Culture Days event called 'Beyond the Box' in September 2012. This event saw 825 people attend and participate in a variety of free arts activities. This helped to raise awareness of NBCAC's contributions to the community which include a variety of programming, courses and resources.

- The Community Development, Recreation & Parks Department manages 8 indoor arenas, 21 boarded outdoor ice sites, 42 pleasure skating sites (without boards), and an outdoor speed skating oval, providing winter recreational and competitive opportunities for residents.

- Approximately 25,000 participants each year are active at one of the 179 ball diamonds, 94 athletic fields (e.g. soccer, football, field hockey, lacrosse, rugby, lawn bowling greens) or Mosaic Stadium at Taylor Field. These facilities provide opportunities for recreational sports, personal fitness and amateur sporting competitions.

- The City of Regina operates 5 neighbourhood recreation centres and has partnership arrangements with 5 community-operated centres and 2 senior citizens centres. These facilities provide low cost and accessible recreational, social, and educational opportunities for residents of all ages and interests. Annual attendance at these centres is 450,000.

- The Civic Art Collection (CAC) includes 358 pieces, many of which are displayed throughout civic facilities and public spaces. Within the CAC, there are 28 pieces of public art located in various exterior locations throughout the organization. In addition, the department processed 87 film permit requests to date; and has developed an interactive cultural map.

- The City's Affordable Fun Program provided opportunities for approximately 2,000 low-income individuals to participate in a variety of City arts, culture, sport, and recreation and leisure programs.

- Regina won the right to host the 2014 North American Indigenous Games. Regina will welcome 10,000 athletes, coaches, family and supporters, and witness some of North America's outstanding young Aboriginal athletes competing in their field of play.

- Alternative transportation initiatives continued in 2012. The Commuter Challenge campaign was moderately successful on a community scale and a Commuter Cycling Workshop was hosted in partnership with Saskatchewan Cycling Association and Bike Regina.

- Through community investment funding of $3.3 million, financial support is provided to approximately 150 community and partner organizations. These investments help enable

organizations to build community capacity to address neighbourhood and social issues, and to support programs, festivals, and special events helping to make Regina a vibrant and inclusive community.

- The Regina Police Service has added more ways to receive or provide information about things happening in our community:
  - Along with Facebook (facebook.com/ReginaPoliceService) and Twitter (@reginapolice), other social media platforms, such as Pinterest and YouTube have been added.
  - The use of online reporting through the Regina Police Service Online Citizen Reporting System has increased. Residents are now able to report certain types of property crime, and can initiate an original report or add information to a previously submitted report.

City Council

City Council is responsible for the governance of the City of Regina, subject to Provincial legislation. Members of City Council are now elected every four years in a municipal election with the last election held on October 24, 2012. The Mayor is elected at large. The City of Regina uses a ward system for electing Councillors, with the city divided into ten wards and one Councillor elected in each ward. City Council's primary responsibility is to provide policy direction for the operation of the City. Council also sets the long-range service goals, and approves operating and capital budgets.

The Mayor presides at all meetings of City Council and is the ceremonial head of the municipal government. The Mayor and City Clerk are the municipality's symbolic and official signing officers, respectively. City Council members for the 2012-2016 term are shown below.

Back Row l-r: Councillor Jerry Flegel, Councillor Shawn Fraser, Councillor Bryon Burnett, Councillor Terry Hincks, Councillor Wade Murray

Front row l-r: Councillor Mike O'Donnell, Councillor Bob Hawkins, Councillor Barbara Young, Mayor Michael Fougere, Councillor John Findura, Councillor Sharron Bryce

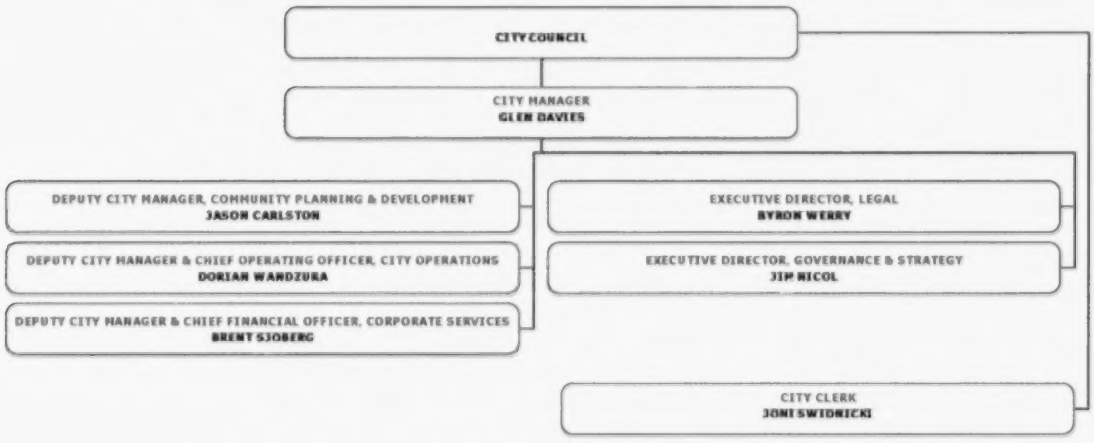
City Administration

The City Manager is the Chief Administrative Officer of the City and is appointed by City Council. The City Manager's Bylaw 2003-70 outlines the responsibilities, accountabilities, and authority for the position. The City Manager advises Council on all matters related to the City's programs and services and is responsible and accountable for directing and organizing the administration to achieve the goals and objectives of City Council in the most economic, effective, and efficient manner.

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration, and operation of the Police Service, the maintenance of law and order within the municipality, and discipline within the Police Service. The annual Police budget must be approved by City Council.

Corporate Organizational Structure

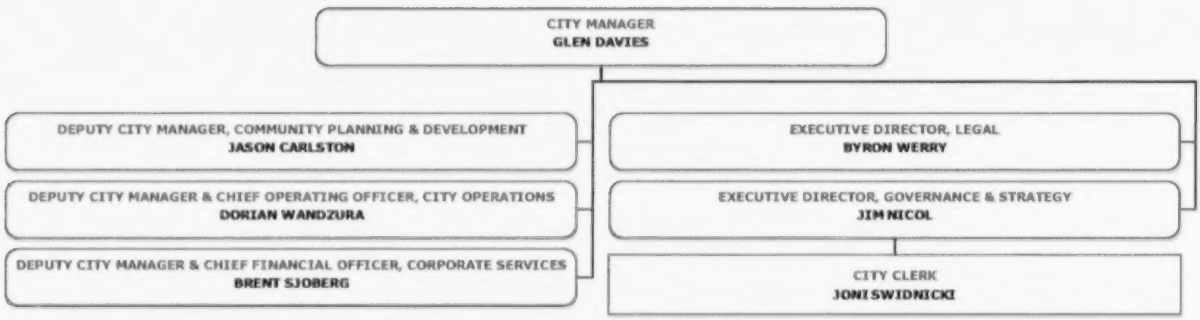
The City of Regina has three Divisions: City Operations, Community Planning & Development, and Corporate Services. Each Division is led by a Deputy City Manager; two Executive Directors are responsible for the offices of Legal and Governance & Strategy. These Divisions continue to evolve with a focus on continuous improvement.



Office of the City Manager

The management of the Civic Administration of the City of Regina (excluding the Regina Police Service) is the responsibility of the City Manager. Appointed by City Council, the City Manager's authority is established by the City Manager's Bylaw 2003-70 and Regina Administration Bylaw 2003-69. The City Manager is responsible to City Council for the efficient and effective operation of the City in accordance with City Council policies, decisions and bylaws. The City Manager provides executive direction, strategic guidance and governance support on matters of municipal governance, strategy and protocol, and ensures the City operates according to legislative requirements. The City Manager is also responsible for the development of a Corporate Strategic Plan, annual business plan, and reporting to council on performance related to those plans, including the budget.

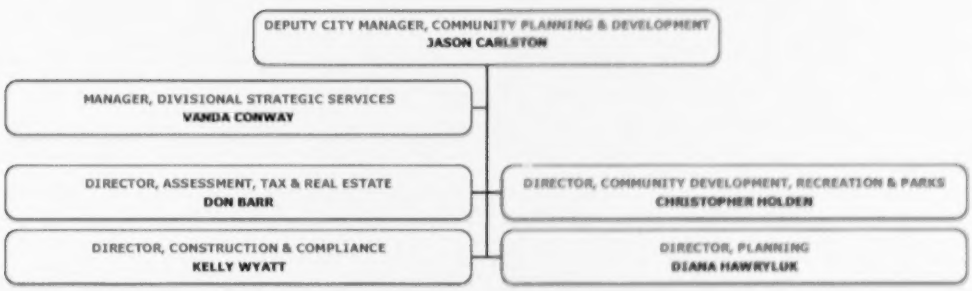
The Office of the City Manager includes the Office of the City Solicitor and the Office of Governance & Strategy. Corporate Services, Community Planning & Development, and City Operations Divisions also report to the City Manager. The Office of Governance & Strategy includes the following branches: Office of the City Clerk, Communications, Government Relations, and Strategy Management.



**denotes members of the Executive Leadership Team.*

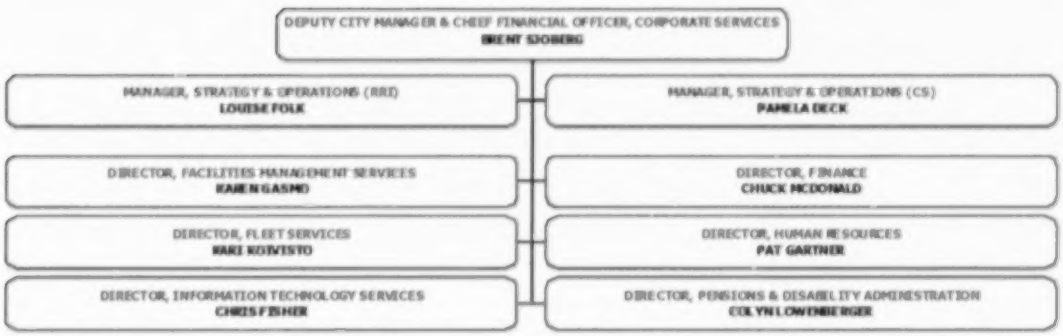
Community Planning & Development Division

Community Planning & Development is dedicated to engaging and supporting the citizens of Regina. The Division contributes to building a healthy and caring community by providing community recreation and cultural programs and services. It also provides a long-term comprehensive approach to planning, engineering and development processes, ensuring the efficient use of land and community infrastructure to create a city that reflects Council's Vision and the goals of Regina residents. Neighbourhood, transportation, long-range capital planning, development review, property assessment, building permits and inspections, real estate and parking services are also its responsibility.



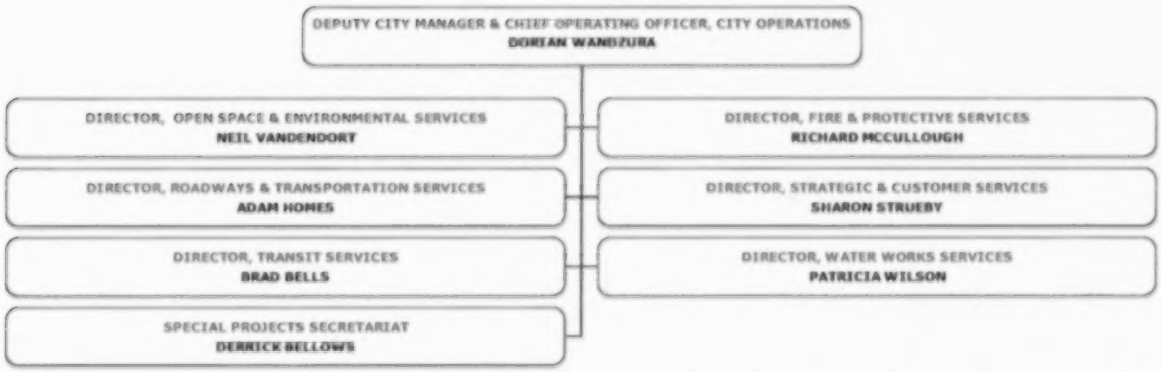
Corporate Services Division

The Corporate Services Division provides services and support to both internal and external customers, enabling the City to maximize its effectiveness and potential. The Corporate Services team includes: Finance, Information Technology Services, Human Resources, Fleet Services and Facilities Management Services. The Director of Pension and Disability reports to the Pension Administration Board, and connect to the City administratively through Corporate Services.



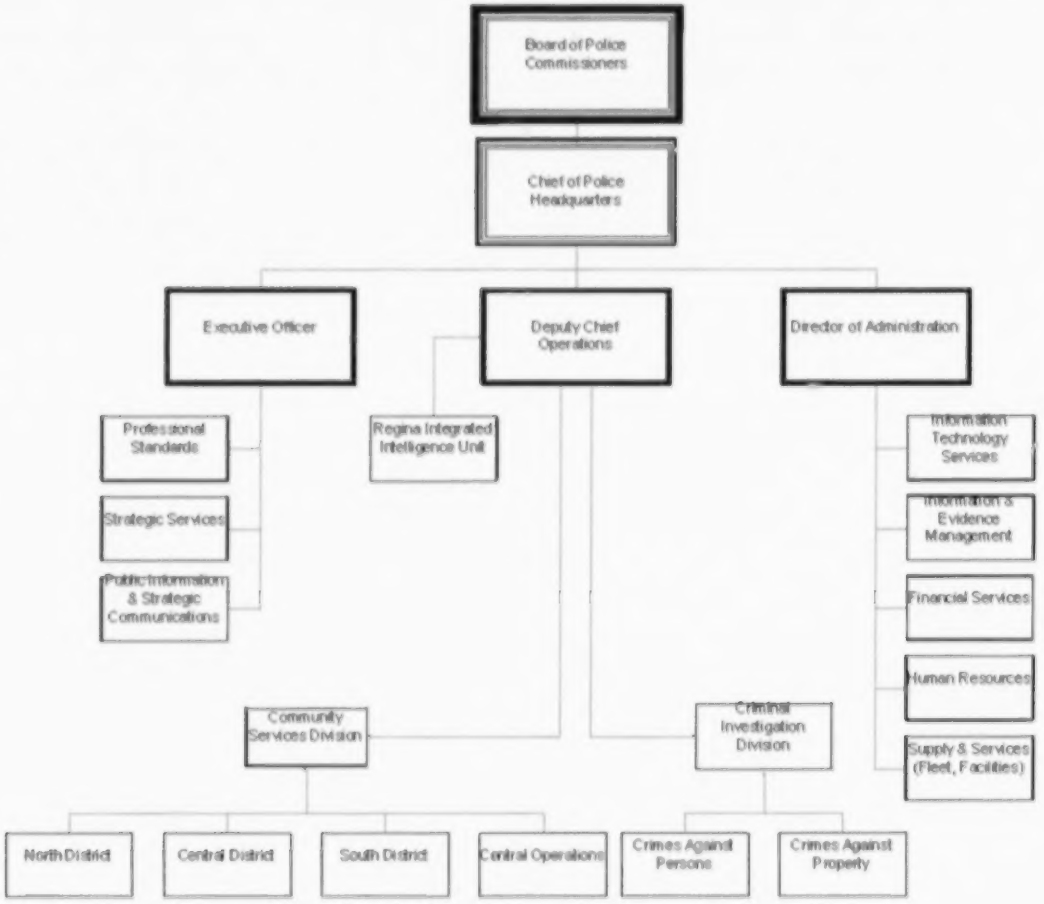
City Operations

City Operations provides customer-focused professional and reliable public services that enable and enhance the quality of life for our community. It ensures that the City's municipal infrastructure systems are effectively preserved, funded and operated. It preserves and operates municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs. The Division also contributes to building a safe community by providing fire and protective services, and transit and paratransit services for our residents. Also part of City Operations is Service Regina, delivering day-to-day customer service for the Corporation on a broad range of City programs and services through in-person service on the main floor of City Hall and through its call centre.



Regina Police Service

The City of Regina, pursuant to The Police Act, 1990, is responsible for maintaining law and order within its boundaries. The City appoints a Board of Police Commissioners that is responsible for the delivery of policing services within the municipality, providing general direction, policy and priorities and developing long-term plans. The Board appoints a Chief of Police, who is responsible for the management, administration and operation of the Service, the maintenance of law and order within the municipality, and discipline within the organization. The funding for the annual police budget must be approved by City Council.



Our Future

Regina's economic growth remained strong at an estimated 4.2 per cent in 2012, on the heels of two years with growth of above 5%, according to forecasting agency the Conference Board of Canada and its Metropolitan Outlook, Winter 2013 report.

Saskatchewan's retail sales hit a record $1.5 billion in February 2013, an increase of 5 per cent over February 2012, and the second-highest percentage increase in Canada, according to data released by Statistics Canada. Gross Domestic Product (GDP) growth is forecast to ease, by recent Regina standards, to 3.5 per cent in 2013 and remain above 3 per cent in both 2014 and 2015.

Output growth from Regina's construction industry came in at an estimated 5.1 per cent in 2012, following a 6.2 per cent expansion in 2011. The pace of growth over the past two years has been well above the average annual increases over the past 20 years. This sector is expected to expand sharply in the next few years as work on a new $278-million stadium and related urban development gets under way in late 2013.

More and more Canadians are choosing to call Regina home, with the City's population growing roughly 2 per cent annually for four straight years, including a record 2.3 per cent in 2012. While in-migration is expected to ease to below 3,000 people in both 2013 and 2014, population growth is forecast to stay near 2 per cent in both years. Such a healthy pace of population growth has boosted housing starts for three straight years, including an estimated 70 per cent surge to nearly 2,900 units in 2012.

The City of Regina issued building permits valued at $763 million in 2012, up from $548 million in 2011. Total housing units under construction in December 2012 was 2,700 units, up from 1,670 units the previous year.

Such strong economic growth has led to employment increases for seven consecutive years, including a 2.5 per cent rise in 2012. Nearly 17,000 jobs have been created over those seven years, a gain of 16%. Employment gains are forecast to accelerate to 3.5 per cent in 2013, keeping the unemployment rate near 4%. This low level of unemployment, combined with a labour force participation rate approaching a record high, suggests nearly full employment. This will foster continued healthy in-migration and strong population increases.

As the City continues to grow and diversify, it is challenged to maintain existing services and infrastructure while also making new investments to meet the demands of a growing population and economy. The focus has intensified on the sustainability of City programs and infrastructure in the face of increasing demands and uncertain funding. In response, strategic and business planning at the City of Regina has become more rigorous. We have become more thorough in our analysis and more focused in our choices, so we can ensure citizens continue to see their community moving towards the Vision while Regina remains an affordable place to live.

In 2013, the City of Regina will strive to narrow the gap between the service level expectations of customers, and the ability of the City to deliver on these expectations. As a result the City will be better prepared to act on the outcomes of both the Design Regina community consultations and priorities identified in the next strategic plan.

Guided by the City's Vision, but also respecting the need to minimize the burden on tax payers, the primary areas of investment in the 2013 budget were intended to work toward supporting these changing needs by:

1. Maintaining our commitment to service to the community.
2. Managing and servicing the unprecedented growth the City has seen in the last five years expansion of existing services to new areas of Regina.
3. Tackling the challenges of an aging infrastructure.

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FINANCIAL STATEMENT
DISCUSSION AND ANALYSIS

December 31, 2012

INTRODUCTION

The City of Regina 2012 Annual Financial Report contains the audited Consolidated Financial Statements prepared in accordance with principles and standards established by the public sector accounting standards (PSAS) of the Canadian Institute of Chartered Accountants, as required by *The Cities Act*.

The following financial statement discussion and analysis was prepared by City of Regina Administration. It should be read in conjunction with the audited Consolidated Financial Statements and schedules.

HIGHLIGHTS

- The 2012 Consolidated Financial Statements report net financial assets of $80.4 million, an increase of $21.2 million from $59.2 million at the end of 2011. A net financial asset position indicates financial resources are on hand to finance future operations.
- The 2012 Consolidated Financial Statements also show an excess of revenues over expenses of $107.0 million compared to $108.8 million in 2011.
- The City's accumulated surplus increased from $1.187 billion at the end of 2011 to $1.294 billion at December 31, 2012. Virtually all of the accumulated surplus is tied up in non-financial assets, such as tangible capital assets. Our non-financial assets were $1.213 billion at the end of 2012. Net financial assets are a better indicator of the financial resources on hand to finance future operations.
- Revenues increased by $33.4 million and expenses increased $35.1 million from 2011. The reason for the increase in revenue is primarily due to the rate increase in water utility and other fees and charges due to increase use of services by citizens and planned increases in fees.
- The City's reserves increased by $21.0 million to $163.2 million. The General Utility reserve increased by $13.7 million due primarily to the operating utility surplus. The General Fund reserve decreased by $8.9 million due to transfers to fund Mosaic Stadium replacement, purchase of CPR lands and site preparation and RRI communications which was partially offset by the operating surplus.

Demographic and Economic Information

	2012	2011	2010	2009	2008
Population (Census Metropolitan area)	226,000	217,000	215,000	210,000	205,000
Building permits					
Number	3,342	2,790	2,539	2,307	2,387
Values ($000)	773,273	547,700	426,800	458,400	342,800
Urban dwelling starts	3,093	1,694	1,347	867	1,138
Inflation rate for Regina (%)	1.8%	2.9%	1.5%	1.7%	3.2%
GDP Growth for Regina (%)	4.2%	6.1%	2.3%	0.1%	4.1%
Unemployment rate (%)					
Regina	3.6%	5.3%	4.8%	4.4%	3.9%
Saskatchewan	4.7%	5.0%	5.2%	5.8%	4.1%
Canada	7.2%	7.4%	8.0%	8.2%	6.1%
Average selling prices of homes ($)	301,332	268,000	258,000	244,000	229,000

ANALYSIS

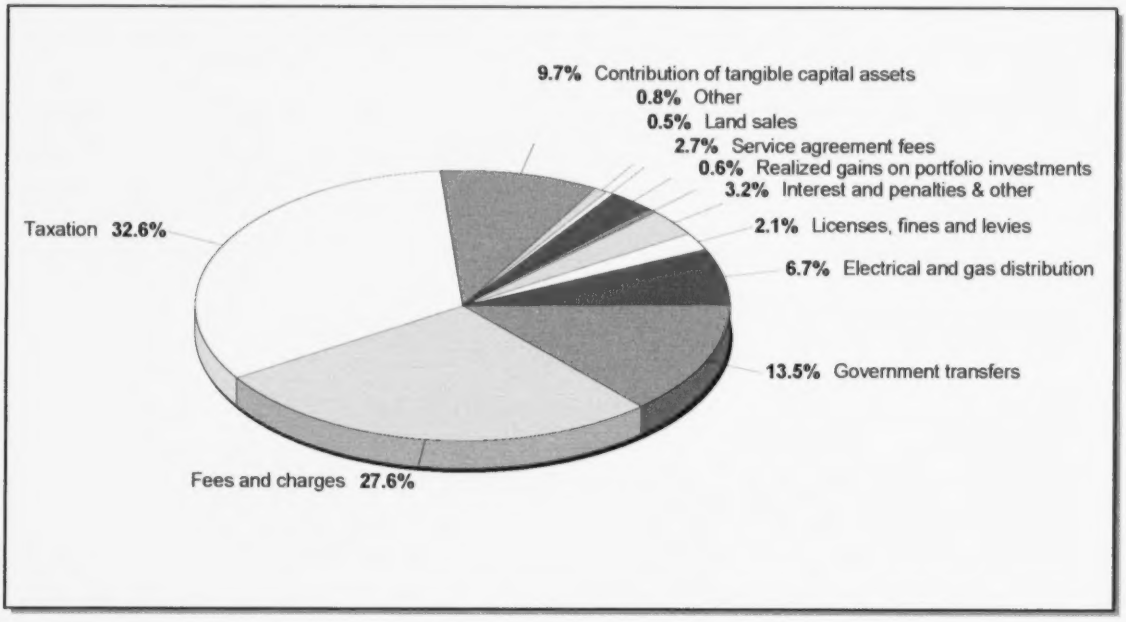
Revenues - Budget to Actual and Prior Year Comparison

	2012 Budget	2012 Actual	Budget Variance Favourable (Unfavourable)	2011 Actual	Year over Year Increase (Decrease)
Taxation	174,247	174,843	596	165,224	9,619
Fees and charges	138,413	148,092	9,679	132,470	15,622
Government transfers	63,344	72,452	9,108	70,733	1,719
Electrical distribution	28,500	30,075	1,575	30,061	14
Licenses, fines and levies	10,651	11,421	770	11,097	324
Gas distribution	6,800	5,620	(1,180)	6,645	(1,025)
Interest and penalties	1,450	1,379	(71)	1,366	13
Interest on portfolio investments	8,319	8,580	261	8,666	(86)
Realized gains on portfolio investments	-	3,006	3,006	7,070	(4,064)
Service agreement fees	13,999	14,696	697	18,875	(4,179)
Land sales	3,000	2,667	(333)	9,871	(7,204)
Other	5,530	4,061	(1,469)	3,483	578
Contribution of tangible capital assets	-	51,753	51,753	29,711	22,042
	454,253	528,645	74,392	495,272	33,373

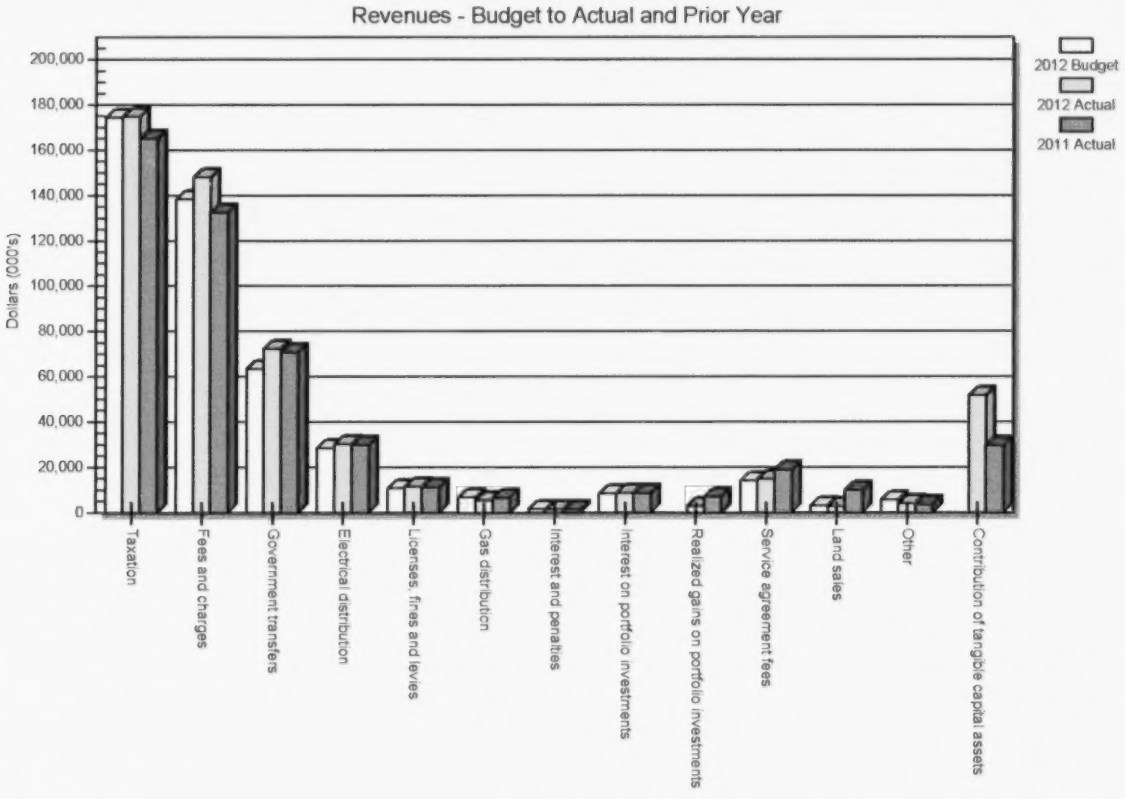
The schedule above includes both operating and capital revenues.

ANALYSIS (cont'd)

2012 Revenue


9.7% Contribution of tangible capital assets
0.8% Other
0.5% Land sales
2.7% Service agreement fees
0.6% Realized gains on portfolio investments
3.2% Interest and penalties & other
2.1% Licenses, fines and levies
6.7% Electrical and gas distribution
13.5% Government transfers
Fees and charges 27.6%
Taxation 32.6%

ANALYSIS (cont'd)



Taxation revenue for 2012 was $9.6 million higher compared to 2011 primarily due to an increase in the number of properties coming onto the assessment roll during the year and a 3.9% increase in the mill rate.

Fees and charges for 2012 were $9.7 million or 7.0% above budget and $15.6 million higher than 2011 primarily due to the rate increase in water utility and other fees and charges increased due to increased use of services by citizens and planned increases in fees.

Government transfers were $9.1 million or 14.4% above budget primarily due to government transfers being budgeted on a cash basis while actuals are recorded when related expenses are incurred. The variability with budget is due mainly to capital grants, which vary from year to year. Government transfers in 2012 were $1.7 million more than 2011 primarily due to Sask Housing Trust Funds which is partially offset by third party funding programs winding down.

ANALYSIS (cont'd)

Realized gains on portfolio investments for 2012 was $3.0 million above budget since this is a one-time item that is not budgeted for.

Service agreement fees for 2012 were $4.2 million less than 2011. When a servicing agreement is entered into between the City and a developer, the fees collected are inflows of cash or accounts receivable to the City. However, under revenue recognition principles, the revenue is not recorded/recognized until it is allocated to eligible projects. Servicing agreement fees collected in a given year per agreements entered into are recorded as revenue or deferred revenue based on these principles. For 2012, the City entered into more agreements than in 2011, however, much of this revenue was deferred resulting in an increase of deferred revenue and a decrease in revenues reported.

Contribution of tangible capital assets for 2012 were $51.8 million above budget since this item is not budgeted for. They were $22.0 million higher than 2011 due to developers completing more projects during the year. This revenue includes tangible capital assets, such as land, roads, and underground networks that the City receives at no cost or below fair market value. However, the City will be expected to maintain and rehabilitate these assets from this point forward.

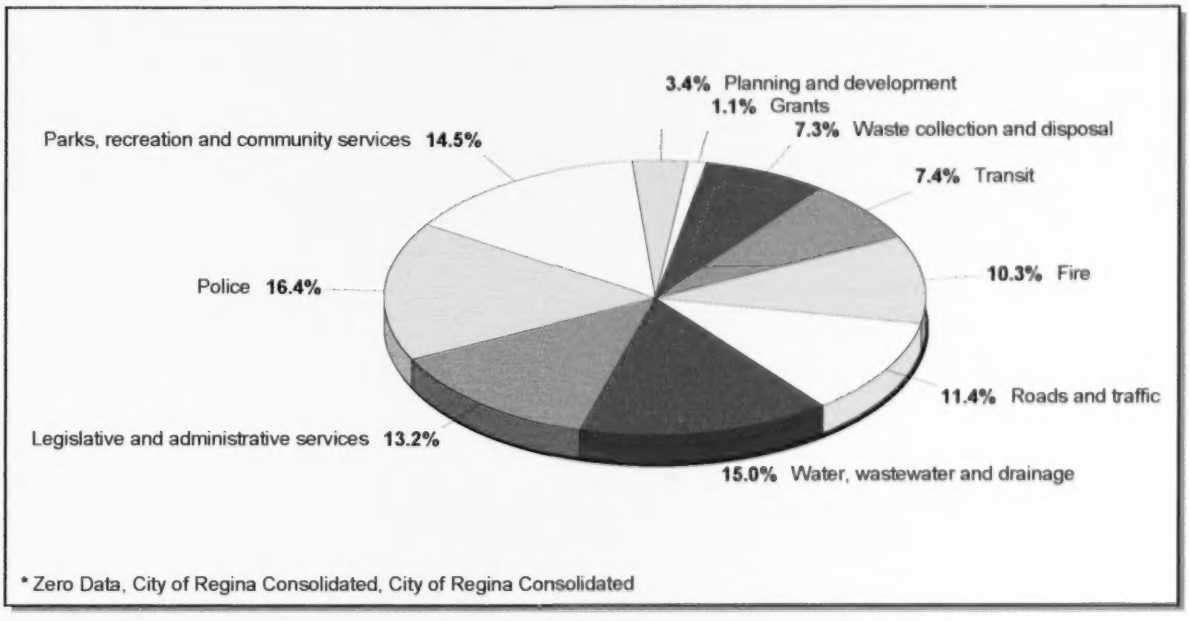
ANALYSIS (cont'd)

Expenses - Budget to Actual and Prior Year Comparison

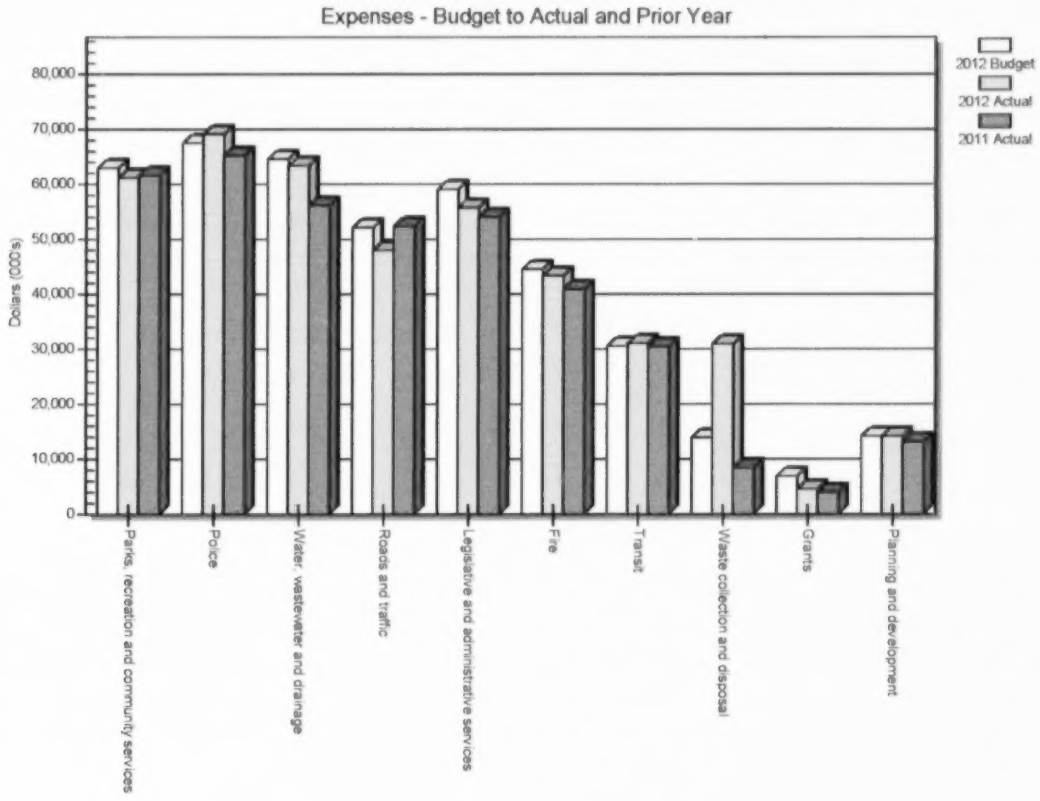
	2012 Budget	2012 Actual	Variance Favourable (Unfavourable)	2011 Actual	Increase (Decrease)
Parks, recreation and community services	62,974	61,196	1,778	61,593	(397)
Police	67,524	69,156	(1,632)	65,229	3,927
Legislative and administrative services	59,047	55,744	3,303	54,055	1,689
Water, wastewater and drainage	64,590	63,392	1,198	56,153	7,239
Roads and traffic	52,131	47,966	4,165	52,397	(4,431)
Fire	44,541	43,384	1,157	40,950	2,434
Transit	30,560	31,049	(489)	30,494	555
Waste collection and disposal	13,894	30,977	(17,083)	8,490	22,487
Grants	6,908	4,575	2,333	3,968	607
Planning and development	14,168	14,167	1	13,166	1,001
	416,337	421,606	(5,269)	386,495	35,111

The schedule above includes both operating and capital expenses.

2012 Expenses


3.4% Planning and development
1.1% Grants
7.3% Waste collection and disposal
Parks, recreation and community services 14.5%
7.4% Transit
10.3% Fire
Police 16.4%
11.4% Roads and traffic
Legislative and administrative services 13.2%
15.0% Water, wastewater and drainage
* Zero Data, City of Regina Consolidated, City of Regina Consolidated

ANALYSIS (cont'd)



Water, wastewater and drainage expenses were $7.2 million higher than 2011 due to higher operational expenses due to increased water purchases.

Waste collection and disposal expenses were $17.0 million above budget and $22.5 million higher than 2011 primarily due to an increase of $17.0 million in the landfill liability.

ANALYSIS (cont'd)

For purposes of establishing and monitoring budgets, operating, capital and utility expenses are considered separately. Overall, the General Operating Fund expenses were over budget by $10.8 million. The largest variances were:

- $10.2 million of this relates to the Community Planning & Development (CP&D) for the transfer to the Social Development Reserve of $7.5 million for the money received from Saskatchewan Housing for the sale of the South East Lands which is offset by the corresponding payment for the purchase. $2.7 million for the increased transfer over budget due to higher revenues and lower expenses.

- $2.2 million in external expenses with the majority from equipment rental and the Evraz Arenas operating payment.

- $1.9 million in professional and external services.

- $1.9 million combined between Community Investment expenses related to the unbudgeted reserve transfer and internal expenses.

- ($4.8) million decrease from budget due to reduction in spending related to salaries and benefits.

- ($1.5) million decrease from budget in debt servicing costs as the City did not issue debt as originally planned.

General Capital Fund - Budget to Actual Comparison

	Budget 2012	Actual 2012	Actual 2011	Actual 2010	Actual 2009	Actual 2008
Revenues						
Government transfers						
Federal	11,000	15,906	14,244	31,581	26,696	16,903
Provincial	5,963	282	5,527	8,527	23,976	4,724
Service agreement fees	5,920	1,343	9,419	6,790	10,583	2,449
Miscellaneous revenues	2,300	590	20,594	17,606	8,213	2,064
	25,183	18,121	49,784	64,504	69,468	26,140
Expenses	65,579	53,239	54,414	53,841	83,282	64,126
(Expenses over revenues) revenues over expenses	(40,396)	(35,118)	(4,630)	10,663	(13,814)	(37,986)

Actual revenues only reflect the funding that is spent in the year referred to. Additional funding may be available for future years.

There is generally more variability in actuals to budget for capital projects. City Council approves budgets for each capital project based on the maximum forecast expenditure for the year to accommodate the planning and

ANALYSIS (cont'd)

scheduling requirements associated with capital projects. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year. At the end of 2012, the carry-forward amount available in the General Capital and Utility Capital funds was $135.1 million (2011 - $133.1 million).

December 31, 2012

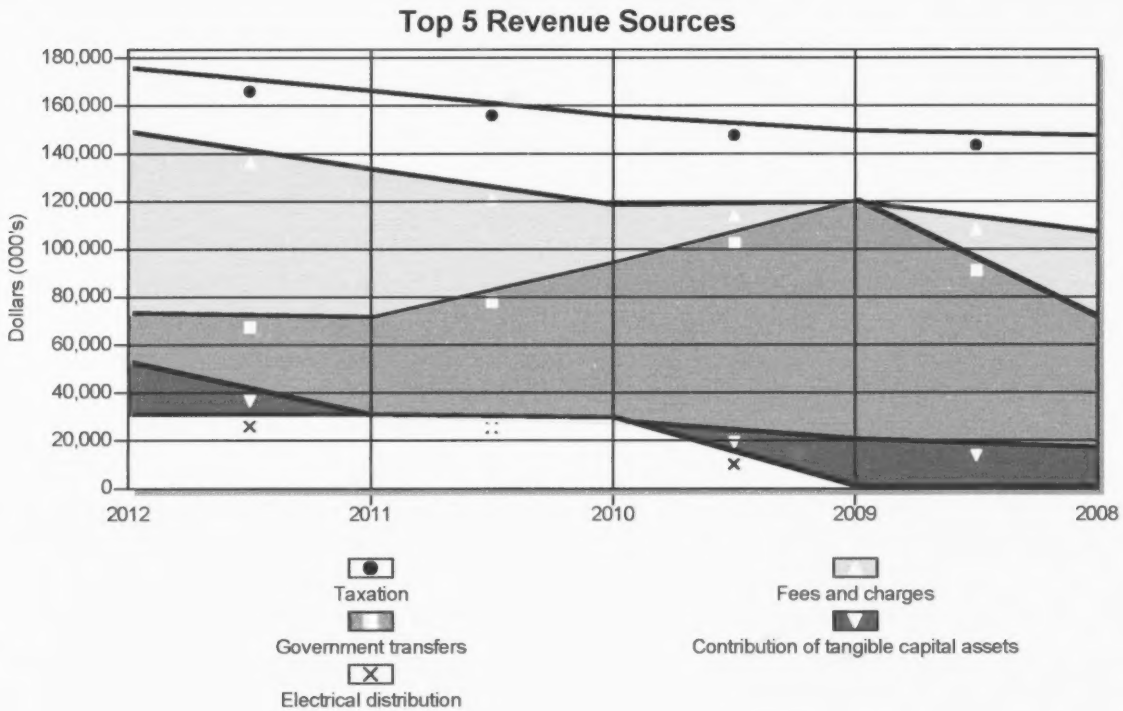
SIGNIFICANT TRENDS

Revenue Summary

	2012	2011	2010	2009	2008
Taxation	174,843	165,224	154,746	148,529	146,543
Fees and charges	148,092	132,470	117,503	118,735	106,167
Government transfers	72,452	70,733	93,723	119,601	70,526
Electrical distribution	30,075	30,061	28,633	27,110	25,429
Licenses, fines and levies	11,421	11,097	10,166	9,863	9,328
Gas distribution	5,620	6,645	6,875	8,532	9,316
Interest and penalties	1,379	1,366	2,018	8,990	7,257
Interest on portfolio investments	8,580	8,666	9,484	n/a	n/a
Realized gains on portfolio investments	3,006	7,070	3,963	n/a	n/a
Service agreement fees	14,696	18,875	12,537	20,187	3,899
Land sales	2,667	9,871	3,636	2,474	4,824
Other	4,061	3,483	2,221	693	1,725
Contribution of tangible capital assets	51,753	29,711	27,386	19,828	16,150
	528,645	495,272	472,891	484,542	401,164

*The City did not start separately tracking interest on portfolio investments, and realized gains on portfolio investments, until 2010. The 2007, 2008 and 2009 balances are included within interest and penalties.

SIGNIFICANT TRENDS (cont'd)



SIGNIFICANT TRENDS (cont'd)

Taxation revenue generally increases with growth and tax rate increases.

Taxation revenues result from municipal and library taxes levied on all properties in the City and business improvement levies assessed by the Business Improvement Districts on properties in the districts.

Property taxes are calculated by applying a mill rate and mill rate factor to each property assessment. The mill rate and mill rate factor together are known as the tax rate.

Taxable assessment	x	Mill rate	x	Mill rate factor	=	Property tax

Taxable Property Assessment
(in thousands of dollars)

Year	Total
2012	9,636,508
2011	9,470,294
2010	9,263,912
2009	9,082,727
2008	6,345,177

SIGNIFICANT TRENDS (cont'd)

	Mill Rates				Business Improvement Levies	
Year	Municipal	Schools	Library	Total	Regina Downtown	Regina's Warehouse Business Improvement District
2012	15.1059	n/a	1.6221	16.7280	0.8874	0.9785
2011	14.5389	n/a	1.5919	16.1308	0.8533	0.9785
2010	13.9797	n/a	1.5401	15.5198	0.8205	0.9785
2009*	13.4420	n/a	1.4967	14.9387	0.8205	0.8809
2008	18.9130	19.7393	2.1059	40.7582	1.3107	1.3107

* 2009 was a reassessment year and the mill rates and business improvement levies were restated to revenue neutral rates. The revenue neutral rates for 2009 were as follows:

Municipal mill rate - 13.4420
Library mill rate - 1.4967
Regina Downtown levy - 0.6912
Regina's Warehouse Business Improvement District levy- 0.8809

For 2010-2012 the rates are inclusive of any approved mill rate or levy increase.

- The Provincial Government announced changes to the way education costs are funded by the province and to the way that education property taxes are calculated beginning in 2009:

- The province now sets province wide mill rates to calculate the education tax for properties.
- The education tax credit program has been discontinued and education tax credits no longer apply.
- The province has changed the level of direct funding for school boards.
- The Province wide mill rates for 2010 are: Agricultural at 7.08, Residential (including Condominiums and Multi-family) at 10.08, Commercial & Industrial (tiered rates) – Assessment up to $499,999 at 12.25, Assessment of $500,000 to $5,999,999 at 15.75 and Assessment of over $6,000,000 at 18.55.

	Municipal Mill Rate Factors				
Property Class/Subclass	2012	2011	2010	2009	2008
Residential	0.90059	0.90059	0.90059	0.89783	0.85494
Condominiums	0.90059	0.90059	0.90059	0.89783	0.85494
Multi family residential	0.90059	0.90059	0.90059	0.93390	1.03147
Commercial and Industrial	1.22945	1.22945	1.22945	1.22945	1.34557
Golf courses	0.92187	0.92187	0.92187	0.92187	0.94826
Agriculture	1.22945	1.22945	1.22945	1.22945	1.34557

SIGNIFICANT TRENDS (cont'd)

Tax Levies and Collection

	2012	2011	2010	2009	2008
Municipal tax levy	158,121	149,201	139,614	133,919	131,870
School boards tax levy	115,480	112,162	114,690	113,548	120,126
Library tax levy	16,722	16,023	15,132	14,610	14,673
Total tax levy	290,323	277,386	269,436	262,077	266,669
Tax levy per capita - Municipal*	700	687	650	637	643
Tax levy per capita - School boards*	511	517	533	541	586
Tax levy per capita - Library*	74	74	70	70	72
Total tax levy per capita* ($)	1,285	1,278	1,253	1,248	1,301
Tax levy per household - Municipal**	1,844	1,754	1,643	1,575	1,551
Tax levy per household - School boards**	1,347	1,320	1,349	1,336	1,413
Tax levy per household - Library**	195	189	178	172	173
Total tax levy per household** ($)	3,386	3,263	3,170	3,083	3,137
Tax arrears, end of year (prior to allowance for doubtful accounts)	4,740	5,004	5,258	5,471	5,049
Arrears as a % of total tax levy	1.63%	1.80%	1.95%	2.09%	1.89%

* Population figure is for the Regina Census Metropolitan Area as obtained from Statistics Canada, Annual Demographic Estimates, Sub-provincial Areas, February 2013.

** Household figure from Stats Canada 2011 census (85,730) is for the Census Metropolitan Area. The 2008 to 2011 figures were based off the 2006 census (84,998).

SIGNIFICANT TRENDS (cont'd)

Major Property Taxpayers in Regina in 2012

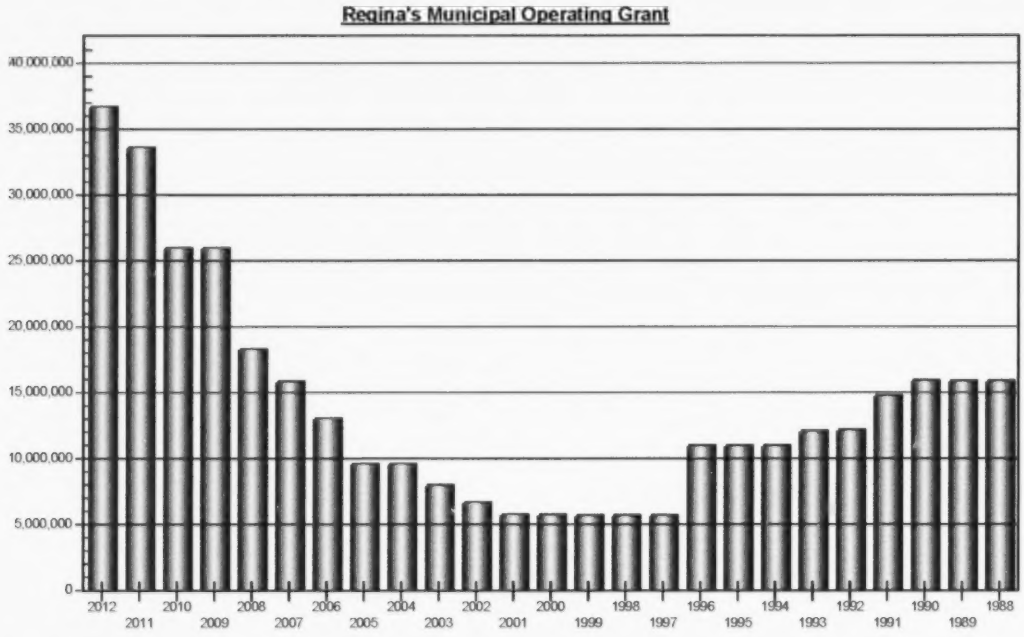
	Registered Owner	Total Taxable Assessment	% of Total Taxable Assessment
1.	Consumers' Co-operative Refineries Limited	139,805	1.45%
2.	HDL Investments Inc.	82,457	0.86%
3.	Cornwall Centre Inc.	75,453	0.78%
4.	Harvard Developments Inc.	79,339	0.82%
5.	Gordon Road Property Holdings Inc.	66,089	0.69%
6.	Boardwalk REIT Properties Holdings Ltd.	84,902	0.88%
7.	1532652 Ontario Limited	45,179	0.47%
8.	First Willow Developments Ltd.	41,328	0.43%
9.	SGC Holdings Inc.	35,022	0.36%
10.	Fortis Properties Corporation	31,122	0.32%
11.	First Roughriders Developments Limited	31,397	0.33%
12.	101143561 Saskatchewan Ltd.	32,689	0.34%
13.	Artis Victoria Square Ltd.	29,368	0.30%
14.	Loblaw Properties West Inc.	29,685	0.31%
15.	Dundeal Canada West (GP) Inc.	26,269	0.27%
	Total	830,104	8.61%
	Total 2012 taxable assessment	9,636,508	-

The list of major taxpayers does not include properties where grant or payments in lieu of property tax are paid.

Fees and charges revenue has generally increased due to rate increases, with some increase over the past few years due to higher building activity. The largest portion of the increase is attributable to increased water and sewer utility rates required to fund infrastructure improvement to meet water and sewer treatment quality standards.

Government transfers includes both operating and capital transfers and reflects the variability in various Federal and Provincial capital grant programs. The Provincial municipal operating grant (previously known as revenue sharing grant) is the largest single grant program available to the City of Regina. The following graph shows the Provincial municipal operating grants received by Regina since 1988.

SIGNIFICANT TRENDS (cont'd)



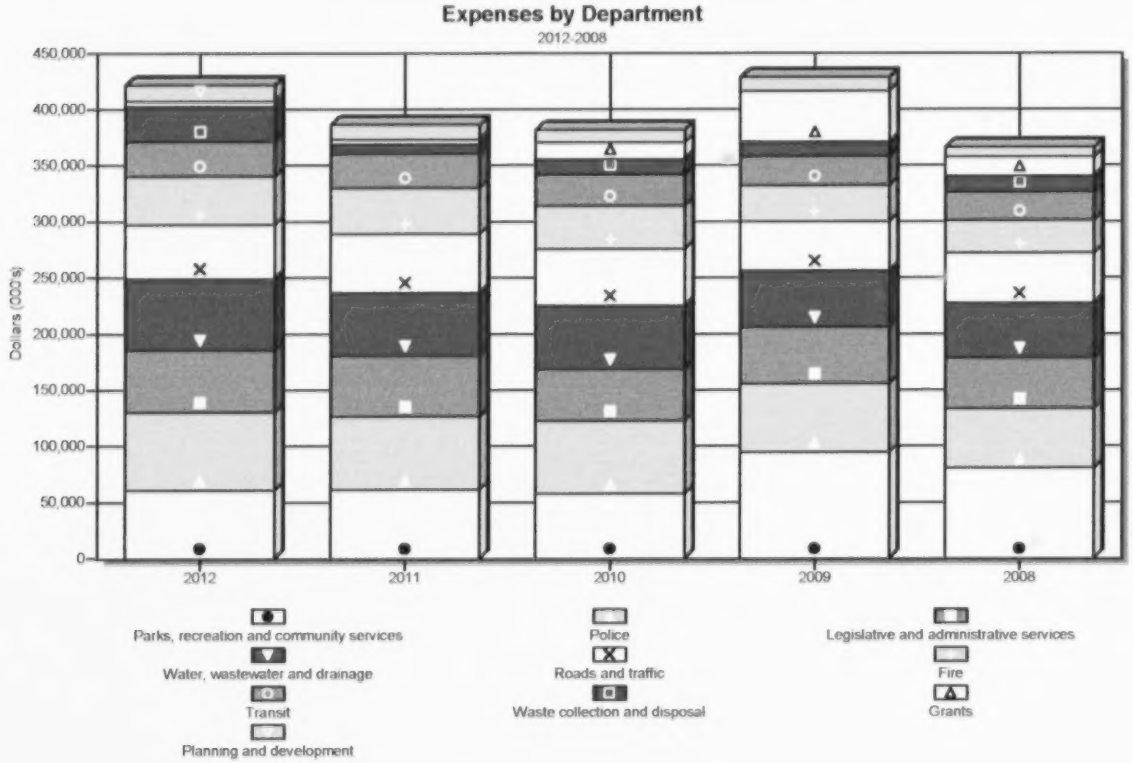
Electrical and gas distribution revenues reflect a trend of increasing rates for electricity and volatile rates for natural gas. Electrical consumption has been relative steady over the past ten years. Natural gas consumption increased by 4.7% in 2008, increased by 10.8% in 2009, decreased by 10.1% in 2010, increased by 1.1% in 2011 and decreased by 6.5% in 2012.

Contribution of tangible capital assets reflect a trend of increased development in the City.

SIGNIFICANT TRENDS (cont'd)

Expense Summary

	2012	2011	2010	2009	2008
Parks, recreation and community services	61,196	61,593	57,843	94,582	80,673
Police	69,156	65,229	64,856	61,261	53,001
Legislative and administrative services	55,744	54,055	46,244	50,193	44,826
Water, wastewater and drainage	63,392	56,153	56,409	50,510	49,234
Roads and traffic	47,966	52,397	50,550	43,814	44,194
Fire	43,384	40,950	38,283	31,736	29,182
Transit	31,049	30,494	28,085	26,400	25,353
Waste collection and disposal	30,977	8,490	13,467	12,695	14,082
Grants	4,575	3,968	14,932	45,168	17,016
Planning and development	14,167	13,166	11,378	12,039	8,658
Total	421,606	386,495	382,047	428,398	366,219

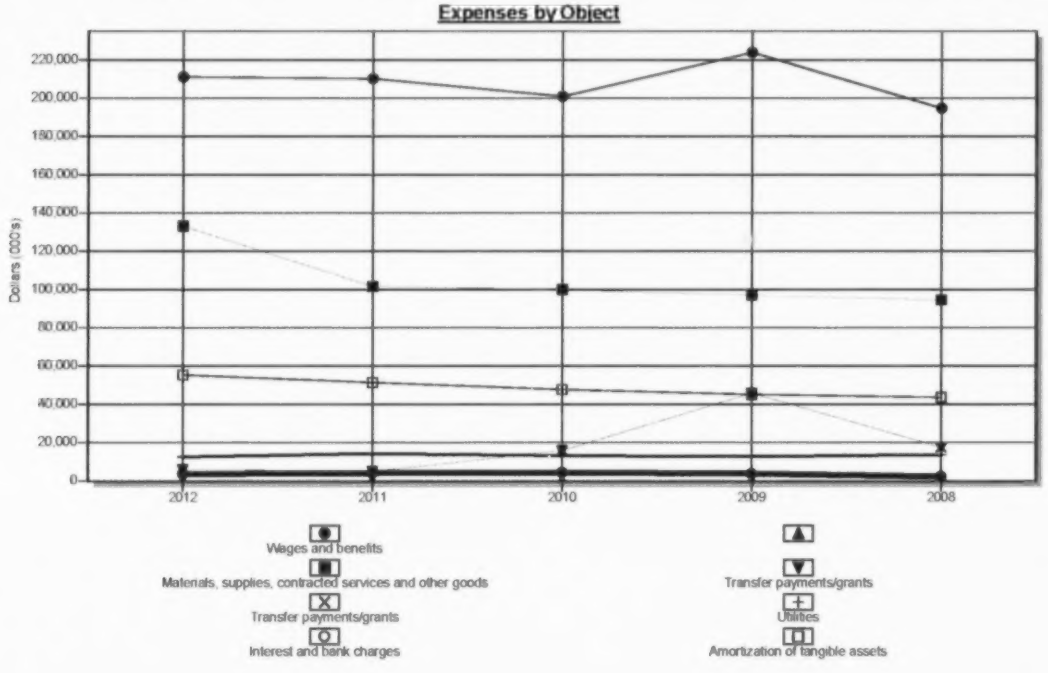


SIGNIFICANT TRENDS (cont'd)

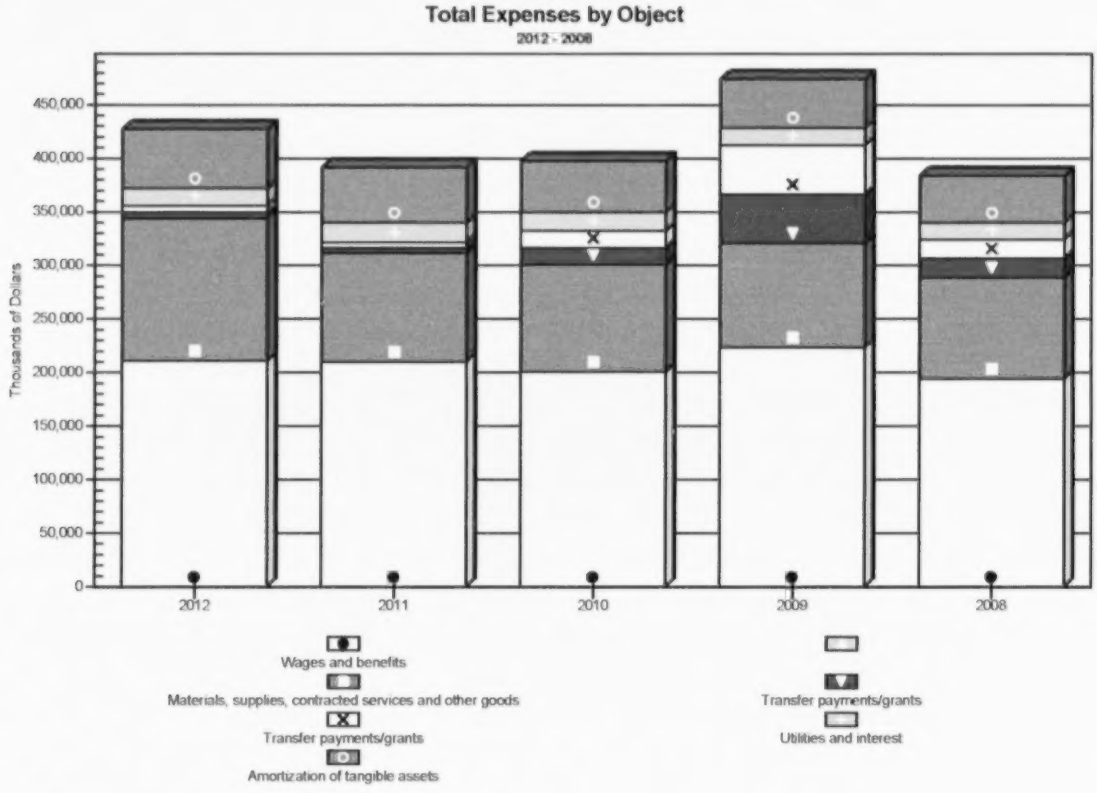
Expense by Object

	2012	2011	2010	2009	2008
Wages and benefits	211,107	210,247	200,941	223,904	194,637
Materials, supplies, contracted services and other goods	133,170	101,619	99,973	97,075	94,665
Transfer payments/grants	5,942	4,969	15,839	45,873	17,606
Utilities	12,557	14,255	13,163	12,685	13,583
Interest and bank charges	3,547	4,010	4,330	3,662	2,137
Amortization of tangible assets	55,283	51,395	47,801	45,199	43,591
Total	421,606	386,495	382,047	428,398	366,219

The following graph displays the proportion of total expenses by object:



SIGNIFICANT TRENDS (cont'd)



Wages and benefits have generally increased over the past five years due to wage increases and an increase in employees. The number of people employed by the City in the last five years including casual staff is as follows:

2012 - 3,579
2011 - 3,500
2010 - 3,390
2009 - 3,358
2008 - 3,321

The provincial government and its Crown Corporations are the City's largest employer. Crown Corporations include:

- SGI - Saskatchewan Government Insurance

SIGNIFICANT TRENDS (cont'd)

- SaskTel
- SaskPower
- SaskEnergy
- STC - transportation (bus) services
- ISC - formerly land titles
- SaskGaming - Casino Regina

There are over 4,700 private-sector businesses in Regina, providing financial services, manufacturing and processing, telecommunications, retail and wholesale services, and agricultural support, to a trading area with over 500,000 people. Regina's major private-sector employers are:

- Evraz (western Canada's largest steel manufacturer)
- Co-op heavy Oil Upgraders
- Kalium Chemicals (potash mining)
- AgrEvo Inc. (agricultural chemicals)
- Degelman Industries (agricultural implement manufacturing)
- Brandt Industries (industrial equipment manufacturing)
- Sweeprite Manufacturing (street sweepers)
- Viterra (world's largest grain-handling cooperative)
- Crown Life Insurance (relocated from Toronto in 1993)
- Sears Canada (Western Canada Call Centre)
- Royal Bank of Canada (Western Canada Payroll Centre)

SIGNIFICANT TRENDS (cont'd)

Statement of Financial Position

	2012	2011	2010	2009	2008
Financial assets					
Cash	30,234	38,066	26,385	15,456	11,524
Short term investments	670	12,608	5,604	32,324	71,414
Accounts receivable	61,278	51,829	52,720	36,786	41,307
Taxes receivable	2,854	2,871	3,284	3,771	3,497
Long-term investments	249,288	192,811	195,145	216,755	79,045
	344,324	298,185	283,138	305,092	206,787
Financial liabilities					
Accounts payable and accrued liabilities	50,030	46,501	53,571	55,233	59,728
Taxes payable to school boards	5,919	5,053	4,894	5,026	4,967
Deferred revenue	28,928	17,853	16,424	44,313	22,987
Capital lease obligations	1,323	1,395	1,742	1,639	1,986
Long-term debt	81,550	89,900	98,250	106,600	35,754
Employee benefit obligations	52,009	51,110	48,926	43,683	37,109
Landfill closure and post-closure	44,160	27,186	31,658	29,732	27,667
	263,919	238,998	255,465	286,226	190,198
Net financial assets (liabilities)	80,405	59,187	27,673	18,866	16,589
Non-financial assets					
Tangible capital assets	1,207,572	1,121,240	1,044,820	962,886	908,486
Property held for resale	42	73	276	396	396
Materials and supplies	5,807	6,287	5,241	5,018	5,551
ACCUMULATED SURPLUS (DEFICIT)	1,293,826	1,186,787	1,078,010	987,166	931,022
ANNUAL SURPLUS	107,039	108,777	90,844	56,144	34,945

Investments

Fluctuations in short and long-term investments reflect the timing of debt issues (the last debt issued was $84.6 million in 2009), Provincial and Federal government transfers, the timing of expenditures of the funding allocated to various capital projects, and management of investments to maximize interest revenue.

Accounts Receivable

Increase in accounts receivable is due to an increase is servicing agreement fees accounts receivable due to more agreements being signed. Under certain circumstances developers are allowed to stage

SIGNIFICANT TRENDS (cont'd)

payments to the City resulting in an accounts receivable from the developer.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities increased by $3.5 million in 2012. The main reasons for the increase in accounts payable and accrued liabilities are an increase in contingency for assessment appeals and overall increase in expenditures.

Deferred Revenue

Deferred Revenues increased by $11.1 million which is primarily due to three significant changes from 2011. Roadways service agreement fees increased by $13.0 million and that is due to significantly more servicing agreements being written as compared to funds that were allocated to projects. Similarly parks servicing agreement fees increased about $1.0 million for the same reasons as roadways. There was a significant decrease in provincial/territorial deferred revenue due to projects being completed or near completion.

Landfill Liability

The increase in the landfill liability is due to a decrease in the discount rate as well as an increase in the estimates of closure and post-closure costs and a significant change in methodology for how the total capacity of the landfill is calculated. This is based on significant internal review and better information.

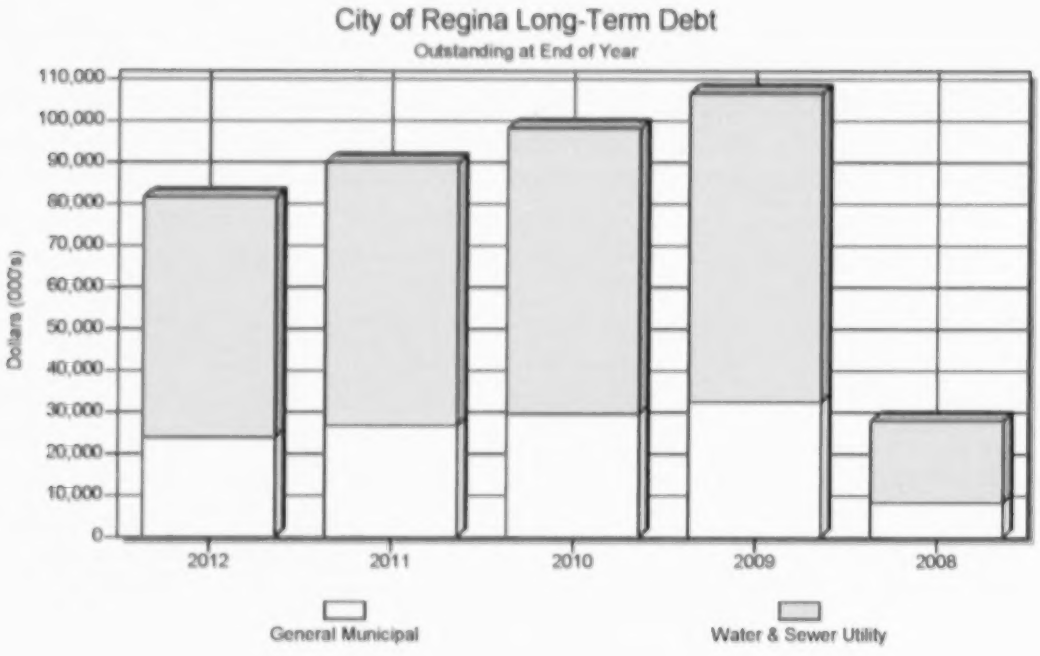
***City of Regina Long-Term Debt* (Non-Consolidated)**

	2012	2011	2010	2009	2008
Total debt outstanding, beginning of year	89,900	98,250	106,600	28,000	35,300
Debt issued during year	-	-	-	84,600	-
Debt repayments during year	(8,350)	(8,350)	(8,350)	(6,000)	(7,300)
Total debt outstanding, December 31	81,550	89,900	98,250	106,600	28,000
General municipal debt outstanding, end of year	23,968	26,812	29,656	32,500	8,400
Water & Sewer Utility debt outstanding, end of year	57,582	63,088	68,594	74,100	19,600
Total debt outstanding	81,550	89,900	98,250	106,600	28,000
Authorized debt limit, December 31	350,000	200,000	200,000	200,000	200,000
Debt per capita ($)*	361	414	457	508	136
Debt per household ($)**	951	1,058	1,156	1,254	329
Debt per community assessed value	0.85%	0.95%	1.06%	1.17%	0.44%
Debt as a multiple of revenue	15.4%	18.2%	20.8%	22.0%	7.0%

* Population figure is for the Regina Census Metropolitan Area as obtained from Statistics Canada, Annual Demographic Estimates, Sub-provincial Areas, February 2013.

** Household figure from Stats Canada 2011 census (85,730) is for the Census Metropolitan Area. The 2008 to 2011 figures were based off the 2006 census (84,998).

SIGNIFICANT TRENDS (cont'd)



SIGNIFICANT TRENDS (cont'd)

In 2011, Standard & Poor's affirmed its 'AA+' credit rating for the City based on the City's ongoing commitment to sound fiscal management, healthy operating and after-capital expenditure surpluses, low debt and net creditor position, and good economic performance. The City has received an AA+ rating since its first credit rating in 1989. Standard & Poors has increased its financial outlook for the City of Regina from a rating of 'negative' in 2011 to 'stable' in 2012. Strengths are sustained healthy economic performance, strong operations and after-capital expenditure budgetary surpluses, very moderate debt levels, and excellent liquidity. Weaknesses are significant unfunded multi employer pension plan liabilities and, like many Canadian Cities, considerable capital asset replacement, rehabilitation and maintenance needs.

The City's tax-supported debt was $24.0 million at the end of 2012, while debt incurred to fund the Water and Sewer Utility was $57.6 million. The City did not issue new debt in 2012 but it is expected that borrowing in the range of over $300.0 million will be required over the period 2012-2016 due to the Regina Revitalization Initiative and the Waste Water Treatment Plant.

The City's authorized debt limit is $350.0 million (2011 - $200.0 million). The debt limit is approved by the Saskatchewan Municipal Board pursuant to the provisions of *The Cities Act*. When service agreement fee credits are included, the City is $246.5 million below its debt limit.

City of Regina Debt Service Costs

	2012	2011	2010	2009	2008
General municipal debt					
Principal	2,844	2,844	2,844	1,400	1,400
Interest	1,164	1,260	1,334	881	424
	4,008	4,104	4,178	2,281	1,824
Water and Sewer Utility					
Principal	5,506	5,506	5,506	4,600	5,900
Interest	2,383	2,649	2,868	2,043	1,267
	7,889	8,155	8,374	6,643	7,167
Total	11,897	12,259	12,552	8,924	8,991
Debt service costs as a % of total expenses	2.8%	3.2%	3.4%	2.1%	2.5%

SIGNIFICANT TRENDS (cont'd)

Employee Benefit Obligations

Employee benefit obligations include liabilities for pensions, sick and severance, vacation, and overtime. The increase in employee benefit obligations from 2008 to 2012 primarily reflects the impact of general wage increases and employees reaching the age of retirement. As a larger proportion of the City's work force reaches retirement age over the next five to ten years, the cash outlays relating to this obligation will continue to be significant.

Employee benefit obligations also include the liability for the Regina Police Pension. The Regina Civic Superannuation and Benefits Plan includes a larger group of employees, but since it is a multi-employer plan, it is not possible to determine the City's portion of the deficit and thus no amount is included in the statement of financial position for this plan. As disclosed in note 8 d) of the consolidated financial statements, an actuarial extrapolation completed of the plan for accounting purposes indicates a deficit of plan assets over the benefit obligation of $251.5 million at December 31, 2012 (2011 - $293.0 million deficit). In October 2010 an actuarial valuation was conducted as at December 31, 2009 showing a going-concern deficit of plan assets over the benefit obligation of $237.8 million.

	2012	2011	2010	2009	2008
City of Regina employer contributions	13,279	13,003	12,245	11,954	9,952

Tangible Capital Assets

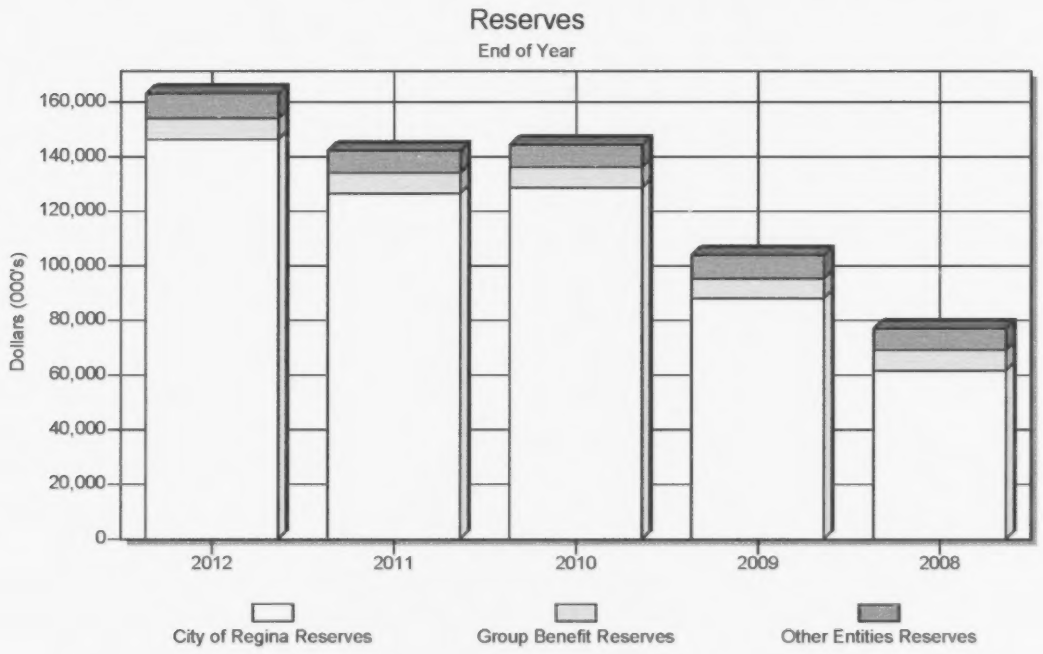
The City implemented an accounting change in 2008 resulting in tangible capital assets being shown on the Statement of Financial Position. This change was required to comply with public sector accounting standards. Tangible capital assets are capitalized on the Statement of Financial Position at cost and amortized over their estimated useful lives on the Statement of Operations. In 2007 and prior years, tangible capital asset additions were expensed in the year of acquisition or construction. The City's tangible capital assets include land, buildings, vehicles and equipment, roads and bridges, and underground and other networks.

	2012	2011	2010	2009	2008
Tangible Capital Assets - Net Book Value	1,207,572	1,124,240	1,044,820	962,886	908,486

SIGNIFICANT TRENDS (cont'd)

Reserves and Accumulated Surplus

	2012	2011	2010	2009	2008
Reserves					
City of Regina Reserves	146,321	126,623	128,749	88,123	61,683
Group Benefits Reserves	7,801	7,621	7,559	7,342	7,553
Other Entities Reserves	9,127	8,033	8,166	8,636	7,948
	163,249	142,277	144,474	104,101	77,184



Reserve balances totaled $163.2 million at the end of 2012 (2011 - $142.3 million).

The City allocates funds to reserves to meet specific future operating and capital expense requirements. The largest reserves are the General Utility Reserve and General Fund Reserve, which are intended to provide funding in the event of an operating deficit, as well as for one-time initiatives. The General Fund Reserve balance increased by about $1.4 million from 2008 to 2012 primarily because of the General Operating Fund surplus and a significant increase in land sales. The reserves represent amounts that Council has funded through annual operating revenues for future requirements.

The General Utility Reserve increased $35.4 million from 2008 to 2012 primarily due to Water and Sewer Utility Fund surpluses and return of funds from projects.

SIGNIFICANT TRENDS (cont'd)

The financial statements include a number of liabilities which will be funded from future revenues. These amounts are reflected in Note 13 to the financial statements as Obligations to be Funded from Future Revenues, and include amounts related to employee benefit obligations, long-term debt and landfill closure and post-closure costs.

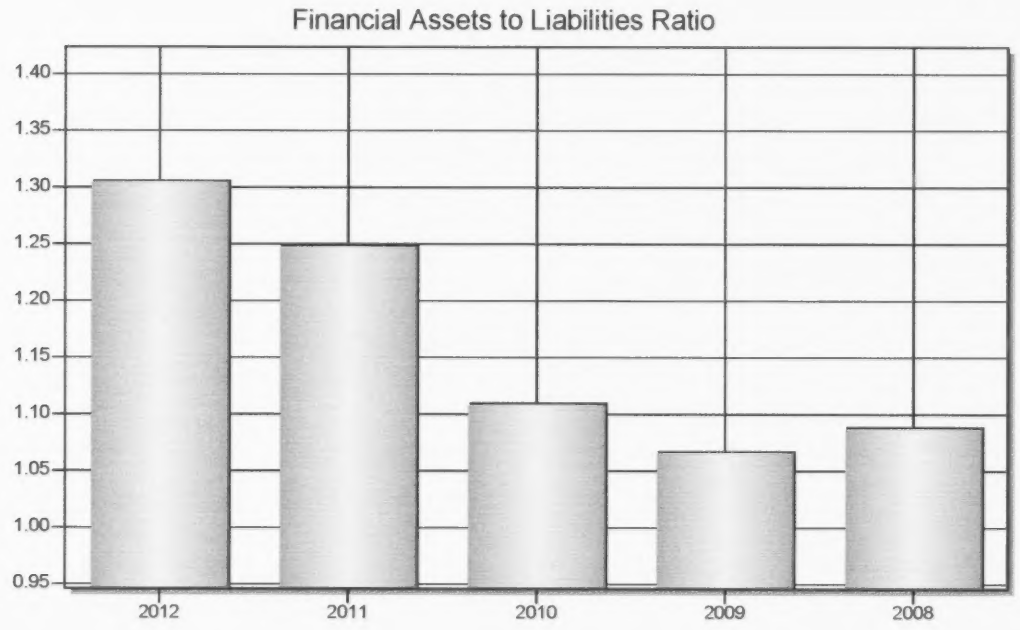
ASSESSMENT OF FINANCIAL CONDITION

Sustainability

Sustainability is the degree to which a government can maintain its existing financial obligations without increasing its debt or tax burden.

One measure of sustainability is financial assets to liabilities. This indicator reports the ratio of a government's financial assets to its liabilities. A result lower than one indicates liabilities exceed financial assets and future revenues will be required to pay for past transactions and events. A result higher than one indicates financial assets exceed liabilities and financial resources are on hand that can finance future operations. A trend showing decreases in this indicator may not be sustainable. An example of an event that could decrease this ratio is continued reliance on debt to finance operations.

The City's financial assets to liabilities ratio has increased from 1.09 to 1.31 from 2008 to 2012. The City's financial assets remain higher than its liabilities at December 31, 2012 and its sustainability has shown improvement in the past five years.

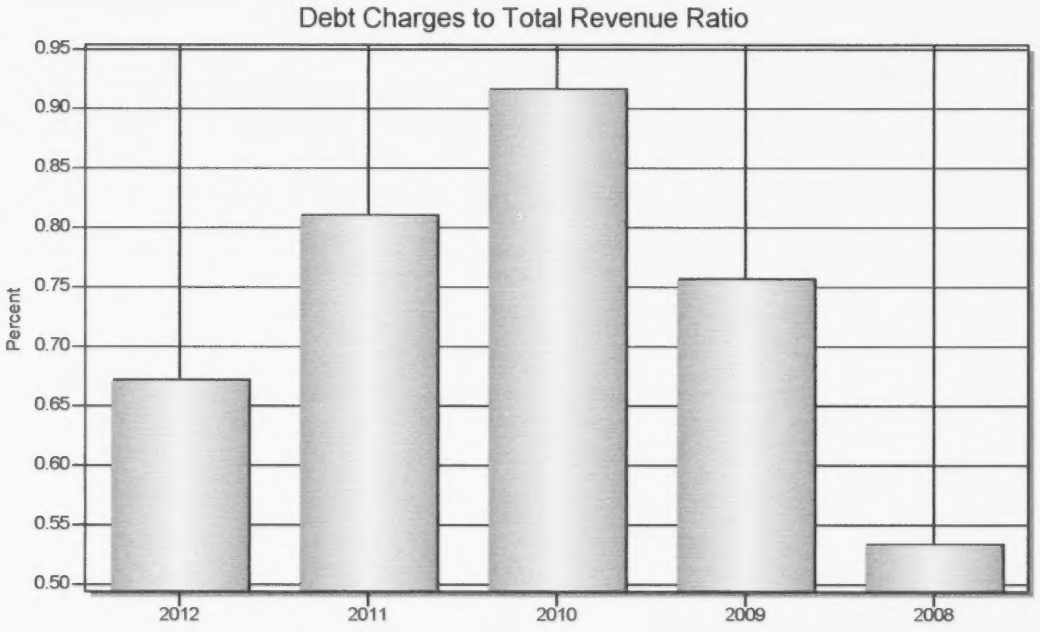


Flexibility

Flexibility is the degree to which a government can change its debt or tax burden and still meet its existing financial obligations.

One measure of flexibility is debt charges to total revenue. This ratio, often referred to as the interest bite, indicates the proportion of total revenue that is required to pay interest charges on debt and therefore, is not available to pay for program costs. It illustrates the extent to which past borrowing decisions present a constraint on a government's ability to meet its financial and service commitments in the current period. Specifically, the more government uses revenues to meet the interest costs on past borrowing, the less will be available for program spending. This indicator is important because, when this indicator increases for an extended period of time and assuming relatively stable interest rates, it means that the government has consistently chosen borrowing over increases in taxation or user fees to meet its financial and service commitments. This will eventually have an effect on its flexibility because once a government borrows, its first commitment must be to service its debt. Failing to do so would impair its future ability to borrow or to roll over its existing debt.

For the City this ratio decreased from 0.81% in 2011 to 0.67% in 2012 and therefore has shown increased flexibility since 2010.

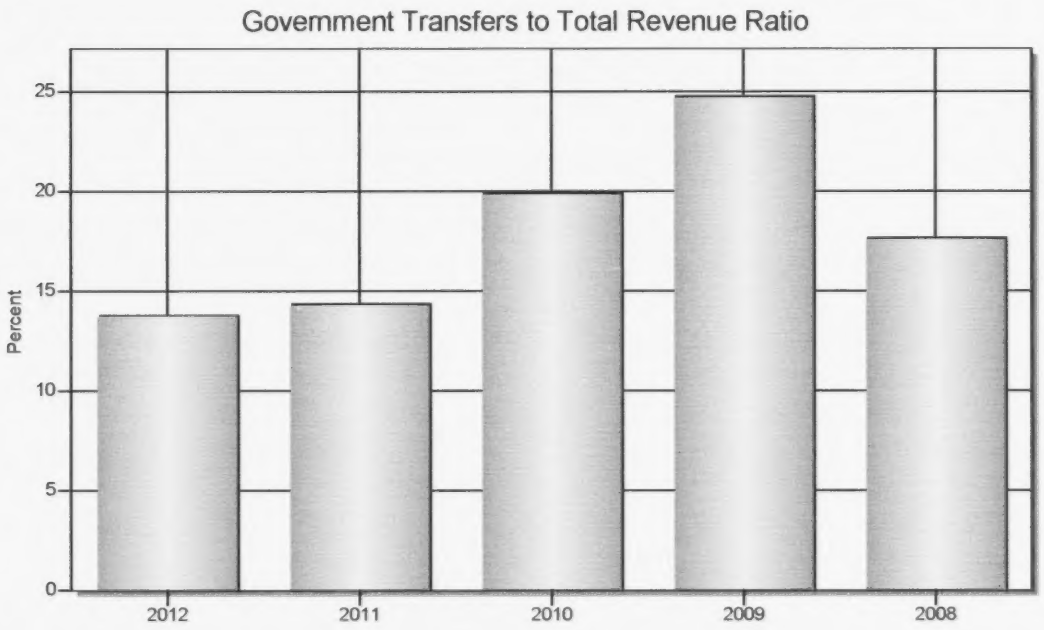


Vulnerability

Vulnerability is the degree to which a government is dependent on sources of funding outside of its control or is exposed to risks that could impair its ability to meet its existing financial obligations.

One measure of vulnerability is Federal and Provincial government transfers to total revenues. This indicator offers a perspective on the degree of vulnerability the City faces as a result of its dependence on other levels of government for revenues. An increasing dependence on other levels of government for revenues means that the City is increasingly vulnerable to the fiscal decisions of another. Reduced dependence on government transfers may reduce vulnerability but it could also impair sustainability if a government's own tax base has to replace the revenues lost from a reduction in transfer payments. A government that reduces its dependence on government transfers and correspondingly reduces its spending may avoid impairing its sustainability, but it could produce dissatisfaction among constituents.

The City has decreased its reliance on government transfers from 17.6% of total revenues in 2008 to 13.7% in 2012. This indicates decreasing vulnerability and that the City is more able to fund essential programs and services from own-source revenues.



LOOKING FORWARD

Regina is entering an exciting phase of growth and development. Building permits continue to hit record levels and the population is growing. Regina is receiving wide recognition as an attractive, vibrant, inclusive and thriving city – a great place to work, raise a family or start a business.

The City itself faces challenges with funding the infrastructure needed to support this growth as well as the existing infrastructure gap. Revenue growth from new development is expected to be higher in the future, however this revenue growth alone is not sufficient to keep pace with the increased operating expenses or capital requirements of a growing City.

The City's 2013 budget demonstrates a continued commitment to the health and prosperity of families with strategic investments in safety, infrastructure, and responsible growth, while maintaining a high level of service. It was built on the framework and priorities established by the City's corporate strategic plan, Accelerating Excellence, with an aim to realizing City Council's vision for Regina 2020: Canada's most vibrant, inclusive, attractive, sustainable community, where people live in harmony and thrive in opportunity.

The City of Regina's approved budget for 2013 is focused on the long-term health of the City. Like other municipalities across the country, Regina is facing enormous infrastructure challenges. The 2012 proposed budget is a step toward addressing these challenges. To continue to deliver programs and services through this growth period, while making progress on its vision, the City approved a 4.45% increase in the mill rate in 2013.

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CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT

RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements and all other information contained in this report are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards (PSAS). The preparation of the statements necessarily includes some amounts, which are based on the best estimates and judgments of management. Financial data elsewhere in this report is consistent with that of the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, that assets are properly accounted for and safeguarded and that the financial records are reliable for the preparation of financial statements.
The Finance and Administration Committee, established by City Council, comprises five elected officials, along with the Mayor as an ex-officio member. The Committee, in addition to considering a variety of financial and administrative issues, reviews the content of the annual financial report for presentation to City Council, and reviews external audit reports.

Deloitte LLP Chartered Accountants, the City's appointed external auditors, have audited the consolidated financial statements. Their report to the Mayor and City Council, stating the scope of their examination and opinion on the consolidated financial statements, follows.

Glen Davies
City Manager
May 21, 2013

Brent D. Sjoberg, CMA, MBA
Deputy City Manager & CFO

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INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of City Council

We have audited the accompanying consolidated financial statements of the City of Regina and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of Regina and its subsidiaries as at December 31, 2012, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants

May 21, 2013
Regina, Saskatchewan

Member of Deloitte Touche Tohmatsu Limited

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2012

(in thousands of dollars)

	2012	2011
FINANCIAL ASSETS		
Cash	**30,234**	38,066
Short term investments (Note 4)	**670**	12,608
Accounts receivable	**61,278**	51,829
Taxes receivable	**2,854**	2,871
Long-term investments (Note 5)	**249,288**	192,811
	344,324	298,185
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	**50,030**	46,501
Taxes payable to school boards	**5,919**	5,053
Deferred revenue (Note 18)	**28,928**	17,853
Capital lease obligations (Note 6)	**1,323**	1,395
Long-term debt (Note 7)	**81,550**	89,900
Employee benefit obligations (Note 8)	**52,009**	51,110
Landfill closure and post-closure (Note 10)	**44,160**	27,186
	263,919	238,998
NET FINANCIAL ASSETS	**80,405**	59,187
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	**1,207,572**	1,121,240
Materials and supplies	**5,807**	6,287
Property held for resale (Note 12)	**42**	73
ACCUMULATED SURPLUS (Note 13)	**1,293,826**	1,186,787

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 2012

(in thousands of dollars)

	Budget (Unaudited) 2012	**Actual 2012**	Actual 2011
REVENUE			
Taxation (Note 15)	174,247	**174,843**	165,224
Fees and charges	138,413	**148,092**	132,470
Government transfers (Note 16)	63,344	**72,452**	70,733
Electrical distribution	28,500	**30,075**	30,061
Licenses, fines and levies	10,651	**11,421**	11,097
Gas distribution	6,800	**5,620**	6,645
Interest and penalties	1,450	**1,379**	1,366
Interest on portfolio investments	8,319	**8,580**	8,666
Realized gains on portfolio investments	-	**3,006**	7,070
Service agreement fees	13,999	**14,696**	18,875
Land sales	3,000	**2,667**	9,871
Other	5,530	**4,061**	3,483
Contribution of tangible capital assets	-	**51,753**	29,711
	454,253	**528,645**	495,272
EXPENSES			
Parks, recreation and community services	62,974	**61,196**	61,593
Police	67,524	**69,156**	65,229
Legislative and administrative services	59,047	**55,744**	54,055
Water, wastewater and drainage	64,590	**63,392**	56,153
Roads and traffic	52,131	**47,966**	52,397
Fire	44,541	**43,384**	40,950
Transit	30,560	**31,049**	30,494
Waste collection and disposal	13,894	**30,977**	8,490
Grants	6,908	**4,575**	3,968
Planning and development	14,168	**14,167**	13,166
	416,337	**421,606**	386,495
Excess of revenues over expenses	37,916	**107,039**	108,777
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,186,787	**1,186,787**	1,078,010
ACCUMULATED SURPLUS, END OF YEAR	1,224,703	**1,293,826**	1,186,787

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended December 31, 2012

(in thousands of dollars)

	Budget (Unaudited) 2012	**Actual 2012**	Actual 2011
Excess of revenues over expenses	37,916	**107,039**	108,777
Acquisition of tangible capital assets	(131,403)	**(145,537)**	(131,157)
Amortization of tangible capital assets	55,317	**55,283**	51,395
Proceeds on disposal of tangible capital assets	-	**631**	730
Loss on disposal of tangible capital assets	-	**3,291**	2,612
Deficit of capital expenses over expenditures	(76,086)	**(86,332)**	(76,420)
Net change in materials and supplies	-	**480**	(1,046)
Change in property held for sale	-	**31**	203
Deficit of other non-financial expenses over expenditures	-	**511**	(843)
Increase (decrease) in net financials assets	(38,170)	**21,218**	31,514
NET FINANCIAL ASSETS, BEGINNING OF YEAR	59,187	**59,187**	27,673
NET FINANCIAL ASSETS, END OF YEAR	21,017	**80,405**	59,187

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012

(in thousands of dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	**107,039**	108,777
Non-cash items		
Amortization of tangible capital assets	**55,283**	51,395
Loss on disposal of tangible capital assets	**3,291**	2,612
Contribution of tangible capital assets	**(51,753)**	(29,711)
Net change in non-cash working capital balances		
(Increase) decrease in accounts receivable	**(9,449)**	891
Decrease in taxes receivable	**17**	413
Decrease (increase) in accounts payable and accrued liabilities	**3,529**	(7,070)
Increase in taxes payable to school boards	**866**	159
Increase in deferred revenue	**11,075**	1,429
(Decrease) in capital lease obligations	**(72)**	(347)
Increase in employee benefit obligations	**899**	2,184
Increase (decrease) in landfill closure and post-closure liabilty	**16,974**	(4,472)
Decrease in property held for resale	**31**	203
Decrease (increase) in materials and supplies	**480**	(1,046)
	138,210	125,417
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	**(93,784)**	(101,446)
Proceeds on disposal of tangible capital assets	**631**	730
	(93,153)	(100,716)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales (purchases) of short-term investments	**11,938**	(7,004)
Purchases (sales) of long-term investments	**(56,477)**	2,334
	(44,539)	(4,670)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt retired	**(8,350)**	(8,350)
	(8,350)	(8,350)
(DECREASE) INCREASE IN CASH POSITION	**(7,832)**	11,681
CASH POSITION, BEGINNING OF YEAR	**38,066**	26,385
CASH POSITION, END OF YEAR	**30,234**	38,066

See accompanying notes to consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

(in thousands of dollars)

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City of Regina (the City) are prepared by management in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Canadian Institute of Chartered Accountants (CICA). Significant aspects of the accounting policies adopted by the City are as follows:

a. Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises which are controlled by the City, namely:

- General operating and capital funds
- Water and sewer utility operating and capital funds
- Regina Public Library (RPL)
- Regina Regional Opportunities Commission (RROC)
- Regina Downtown Business Improvement District (RDBID)
- Regina's Warehouse Business Improvement District (RWBID)

Inter departmental and inter organizational transactions and balances have been eliminated.

The City has a 73.85% (2011 - 73.76%) interest in the Buffalo Pound Water Administration Board (BPWAB), a government partnership, that is proportionately consolidated.

The Regina Public Library has a 21.95% (2011 - 22.75%) interest in the Saskatchewan Information and Library Services Consortium Inc. (SILS), which has been proportionately consolidated.

b. Revenue recognition

Revenues are recorded using the accrual basis of accounting whereby revenues are recognized as they are earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Expenses are accounted for in the period the goods and services are acquired and a liability is incurred or transfers are due.

Property tax revenue is based on assessments determined in accordance with provincial legislation and the formulas, principles and rules in the Saskatchewan Assessment Manual. Tax mill rates are established annually. Taxation revenues are recorded net of a provision for potential losses on outstanding assessment appeals and uncollected taxes. By their nature, these provisions are subject to measurement uncertainty and the impact on the financial statements of future periods could be material (Note 15). Penalties on overdue taxes are recorded in the period levied.

1. Significant Accounting Policies (continued)

b. Revenue recognition (continued)

Electrical distribution revenues consist of the municipal surcharge and payments in lieu of taxes received from SaskPower. The municipal surcharge revenue and payments in lieu of taxes are equal to 10% and 5%, respectively of the value of the supply of electrical energy provided by SaskPower to customers within the City limits.

Gas distribution revenues mainly consist of the payments in lieu of taxes received from SaskEnergy and TransGas. The payment in lieu of taxes received from SaskEnergy is equal to 5% of the fees levied by SaskEnergy to customers within the City limits. The payment in lieu of taxes received from TransGas is equal to 5% of the transportation fees and the deemed value of the gas transmitted by TransGas to consumers within the City limits. Pursuant to an agreement with the City for two major consumers who are served by TransGas, the 5% payments to the City in lieu of taxes are based on the transportation costs and the deemed value of the fuel stock consumed.

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met, and reasonable estimates of the amounts can be made.

c. Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates include employee benefit obligations, landfill liability, and the amortization of tangible capital assets.

d. Investments

All investments are recorded at cost less write downs to reflect other than temporary declines in value. Investment transactions are accounted for at the trade date. Interest income is recorded on the accrual basis.

e. Materials and supplies

Inventories of materials and supplies are valued at the lower of net realizable value and average cost.

f. Taxes collected for others

The City collects taxes for the Regina Separate School Board and the Regina Public School Board. These taxes, which are not included in the City's financial results, are remitted to the respective Boards less an amount to offset cancellations relating to school taxes and the City's cost in carrying the receivables.

1. Significant Accounting Policies (continued)

g. Deferred revenue

The City receives service agreement fees, payments in lieu of parking and payments in lieu of dedication of land for public reserve under the authority of provincial legislation and City bylaws. The City also receives special taxes levied pursuant to Section 275 of *The Cities Act* which are to be expended on alley maintenance. As well, the City receives various government grants for special programs offered by either the Provincial or Federal governments. These funds are restricted as to their use and are not recognized as revenue until the fiscal period in which they are used to make qualifying expenses.

Deferred revenue also includes monies received in advance for taxes, transit passes, servicing and sub-division revenue, prepaid cemetery revenue and pre-season sales from the various recreational facilities.

h. Employee benefit plans

The City participates in contributory defined benefit or defined contribution pension plans for virtually all of its employees. Under the defined contribution plan, the City's obligations are limited to its contributions. These contributions are expensed in the period in which they are due and payable.

For defined benefit pension plans considered to be single-employer plans, the cost of pension benefits is actuarially determined using the projected benefit method prorated on service and the pension plan administrator's best estimate of expected salary and benefit escalation and retirement ages of employees. Market rates are used to measure the accrued benefit obligation as well as the assets of the pension plans. Actuarial gains and losses on pension obligations and/or pension fund assets are amortized over the average remaining service life of the related employee groups.

For defined benefit plans considered to be multi-employer plans, contributions are expensed when they are due and payable.

The City has various post-employment benefits and termination benefit obligations earned by employees and expected to be provided to them when they are no longer providing active service.

The obligations for vested sick leave, service or retirement allowances and other post employment benefits have been determined on an actuarial basis. The obligations for vacation pay and banked time in lieu of overtime have been accounted for at an undiscounted value at the current rate of pay.

i. Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

General	
Land improvements	10 to 100 years
Buildings and building improvements	15 to 75 years

1. Significant Accounting Policies (continued)

i. Tangible capital assets (continued)

Vehicles and equipment	
Fire trucks and buses	15 to 30 years
Police vehicles	4 to 10 years
Other vehicles	2 to 25 years
Equipment	4 to 50 years
Office and information technology	
Hardware	2 to 15 years
Software	2 to 10 years
Other	10 years
Infrastructure	
Plants and facilities	5 to 75 years
Roads	1 to 40 years
Underground networks	5 to 100 years
Bridges and other structures	15 to 70 years

Assets under construction are not amortized until the asset is available for productive use.

Interest on debt used to purchase tangible capital assets is not capitalized.

Tangible capital assets received as contributions, which are primarily roads and underground networks, are recorded at their fair value at the date of receipt and also are recorded as revenue. Fair value is determined based on an estimate of the cost to construct the contributed asset.

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases and recorded as tangible capital assets. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Works of art and historical treasures are not recognized in these financial statements.

j. Budget information

Unaudited budget information is presented on a basis consistent with that used for actual results, the budget was approved by Council on December 12, 2011.

2. NEW STANDARDS NOT YET ADOPTED

2. New standards not yet adopted (continued)

A number of new standards and amendments to standards which may impact the City, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these consolidated financial statements. In particular, the following new and amended standards, which become effective for annual periods beginning on or after April 1, 2012 are:

PS 3410, Government Transfers

PS 3450, Financial Instruments

PS 1201, Financial Statement Presentation

PS 2601, Foreign Currency Translation

PS 3510, Tax Revenue

PS 3800, Government Assistance

PS 3260, Liability for Contaminated Sites

The extent of the impact on adoption of these standards is not known at this time.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is $186 (2011 - $610) related to amounts owed to developers for infrastructure expenditures made on behalf of the City in 2012. The City issued service agreement fee (SAF) credits to the developers in 2012 for these expenditures. The developers can redeem the SAF credits to offset payment for future service agreement fees. If there are SAF credits owing to developers after 10 years the City will repay the value of the remaining SAF credits to the developers. The City can also choose to repay prior to 10 years. Under the SAF credit agreements the total amount of credits that can be issued to developers is $39,900.

4. SHORT TERM INVESTMENTS

Short term investments are recorded at cost and have a fair value approximating cost. The investments are in a money market fund, holdings of which may include a combination of treasury bills, commercial paper, bankers' acceptances or promissory notes. The average yield earned from investments was 1.64% (2011 - 2.86%).

5. LONG-TERM INVESTMENTS

Long term investments include investments in a pooled bond fund.

	Carrying Value		Fair Value	
	2012	2011	**2012**	2011
Pooled bond fund	**249,288**	192,811	**254,554**	201,762

A pooled bond fund is a group of individual bonds managed by an investment manager. The fair value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

6. CAPITAL LEASE OBLIGATIONS

The following is a schedule of future minimum lease payments under capital leases for computer equipment, software and building contracts along with the balance of the capital lease obligation:

2013	**670**
2014	**493**
2015	**177**
2016	**51**
Total minimum lease payments	**1,391**
Less amount representing interest (2.0% - 9.25%)	**(68)**
	1,323

7. LONG-TERM DEBT

Debenture debt

The City's long term debt consists of $38,450 (2011 - $46,800) of unsecured debentures issued in the form of fully registered certificates held by The Canadian Depository for Securities Ltd. (CDS), on behalf of beneficial owners as direct and indirect participants of CDS. The debentures were issued for 10 year terms with principal payable either annually or semi-annually and interest payable semi annually.

The City also has $43,100 (2011 - $43,100) of long term debt in the form of an unsecured debenture issued in the form of a fully registered certificate held by The Municipal Financing Corporation of Saskatchewan. Interest is payable semi-annually and the entire principal is due in 2014.

7. Long-term debt (continued)

Bank indebtedness

Pursuant to *The Regina Administration Bylaw 2003-69*, the City can incur bank indebtedness. Interest on this indebtedness is calculated at the prime rate of interest less 0.5%, payable monthly and the City has pledged certain revenues as security for the debt obligation. At December 31, 2012, the City had no bank indebtedness (2011 - $nil).

	2012	2011
City of Regina unsecured debentures		
Operating fund	**23,968**	26,812
Utility fund	**57,582**	63,088
Total debt	**81,550**	89,900
Authorized debt limit	**350,000**	200,000
Interest rates	**3.0-5.20%**	2.40-5.55%
Interest costs for year	**3,547**	3,909

The debenture debt is repayable as follows:

2013	**4,350**
2014	**47,450**
2015	**2,350**
2016	**2,350**
2017	**2,350**
Thereafter to 2019	**22,700**
	81,550

8. EMPLOYEE BENEFIT OBLIGATIONS

The City's employee benefit obligations to be funded in the future are as follows:

	Total 2012	Total 2011
Defined benefit pension plans		
Regina Police Superannuation and Benefits Plan	**5,800**	5,099
Regina Police Civilian Employees' Early Retirement	**594**	523
	6,394	5,622
Other benefit plans		
Termination payments	**17,213**	16,746
Continuation of group life, medical and dental benefits	**11,340**	12,104
	28,553	28,850
Other plans and arrangements		
Vacation	**13,385**	13,112
Overtime	**2,978**	2,900
Other termination payments and pensions	**381**	316
Group life, medical and dental plans	**318**	310
	17,062	16,638
	52,009	51,110

a. Defined benefit pension plans

The Regina Police Superannuation and Benefits Plan is a defined benefit pension plan. As required by provincial legislation, an actuarial funding valuation is completed at least triennially.

The Regina Police Civilian Employees' Early Retirement Benefits Arrangement is a defined benefit arrangement augmenting the Regina Police Pension Plan. If a member of the Regina Police Pension Plan retires prior to eligibility for Canada Pension Plan (CPP) benefits, the City pays benefits equivalent to the CPP benefits the member would receive at the CPP retirement age until the member starts to receive actual CPP benefits. Contributions are not required from members.

An actuarial valuation of the defined benefit pension plans is performed using the projected benefit method prorated on service to determine the accrued benefit obligation and the expense to be recognized in the financial statements.

The results of the most recent actuarial valuations and significant assumptions utilized in these valuations are as follows:

8. Employee benefit obligations (continued)

	Police Pension Plan	Police Civilian Employees' Early Retirement	Total 2012	Total 2011
Fair value of plan assets, beginning of year	**118,268**	-	**118,268**	116,710
Employer contributions	**6,160**	-	**6,160**	5,930
Actual return on plan assets	**11,007**	-	**11,007**	3,580
Less benefits paid	**(8,426)**	-	**(8,426)**	(7,952)
Fair value of plan assets, end of year	**127,009**	-	**127,009**	118,268
Accrued benefit obligation, beginning of year	**140,183**	**877**	**141,060**	135,961
Current period benefit cost	**4,056**	**31**	**4,087**	3,931
Interest on accrued benefit obligation	**9,453**	**59**	**9,512**	9,174
Actuarial loss	**1,721**	**35**	**1,756**	-
Less benefits paid	**(8,426)**	**(59)**	**(8,485)**	(8,006)
Accrued benefit obligation, end of year	**146,987**	**943**	**147,930**	141,060
Funded status, plan deficit	**(19,978)**	**(943)**	**(20,921)**	(22,792)
Unamortized net actuarial loss	**14,178**	**349**	**14,527**	17,170
Accrued benefit liability	**5,800**	**594**	**6,394**	5,622
Current period benefit cost	**4,056**	**31**	**4,087**	3,931
Amortization of actuarial loss	**1,844**	**38**	**1,882**	1,539
Interest expense	**961**	**59**	**1,020**	786
Benefit expense	**6,861**	**128**	**6,989**	6,256

8. Employee benefit obligations (continued)

The actuarial valuations were performed by Aon Consulting Inc.

	Police Pension Plan	Police Civilian Employees' Early Retirement
Date of most recent valuation	Dec 31, 2011	Dec 31, 2011
Discount rate (%)	6.90	6.90
Inflation rate (%)	2.5	2.5
Long term return rate on plan assets (%)	6.90	0
Rate of compensation increase (%)	3.0	3.0
Expected average remaining service years	14.0	13.0
Contribution rate as a percentage of salary:		
Members	11.33 - 12.83%	-
City	11.83 - 13.33%	variable

b. Other benefit plans

Pursuant to union agreements eligible employees are entitled to termination payments based upon their unused sick leave or years of service.

Group life, medical and dental benefits represents the obligation for the continuation of group life insurance, dental and medical benefits for employees on long term disability and the City's share of group life insurance for early retirees.

Retirees may continue group life insurance coverage to age 65 on a 50% cost shared basis with the City. Employee and employer premiums for continuation of group life insurance for employees on long term disability are fully funded through contributions maintained in a reserve. Medical and dental coverage for employees on long term disability is provided on a 50% cost shared basis between the employee and employer.

A group life insurance plan is administered by Saskatchewan Blue Cross on a self insured basis, with a stop loss provision limiting losses to claims in excess of 150% of premiums for any calendar year. The primary components of the plan are funded equally by employer and employees. Dental and medical plans are also provided for most employees on a cost shared or employer funded basis.

For group life insurance, the balance of the employer and employee premiums collected in excess of claims are held in group insurance reserves, which are intended for future benefits and stabilization of premiums. The employer's portion of the obligations under the group insurance plan that will be funded from the reserves is reflected in Other Benefit Plans. Amounts held in the reserves that reflect obligations to be funded from employee contributions have been included in Accounts Payable and Accrued Liabilities. The balance of the group life insurance reserves, after reflecting the liabilities

8. Employee benefit obligations (continued)

b. Other benefit plans (continued)

for the employee and employer share of future obligations, is $5,008 (2011 - $4,959). This amount has been included in Group Benefits Reserves (Note 14).

Actuarial valuations are performed to determine the accrued benefit obligation and the expense to be recognized in the financial statements. The results of and significant assumptions utilized in these valuations are as follows:

	City employees	Library employees	Group life, medical and dental plans	Total 2012	Total 2011
Accrued benefit obligation, beginning of year	15,728	1,018	12,104	28,850	27,164
Current period benefit cost	1,256	74	630	1,960	1,918
Interest on accrued benefit obligation	490	38	365	893	1,105
Actuarial (gain) loss	-	-	(765)	(765)	1,020
Less benefits paid	(1,292)	(91)	(992)	(2,375)	(2,349)
Unamortized net actuarial gain	-	(8)	(2)	(10)	(8)
Accrued benefit liability - unfunded	16,182	1,031	11,340	28,553	28,850
Current period benefit cost	1,256	74	630	1,960	1,918
Amortization of actuarial (gain) loss	(46)	(8)	(765)	(819)	1,309
Interest expense	490	38	365	893	1,105
Benefit expense	1,700	104	230	2,034	4,332

	Aon Consulting Inc.		Mercer
Date of most recent valuation	Dec 31, 2011	Dec 31, 2011	Dec 31, 2011
Discount rate (%)	3.0	4.0	2.6-3.4
Rate of compensation increase (%)	4.5-4.6	3.6-4.6	3.6-3.7
Expected average remaining service years	10-14	10	n/a

c. Other plans and arrangements

Employees are entitled to vacation pay and overtime as outlined in administrative policies and/or contractual agreements. The liability for these benefits is determined using current rates of pay and is not discounted.

Out of scope employees are contractually entitled to certain pensions and termination payments. BPWAB employees are entitled to termination payments based upon years of service or unused sick leave. Benefits start to vest after 10 or 15

8. Employee benefit obligations (continued)

c. Other plans and arrangements (continued)

years of service and are recognized as expenses when they are vested.

Group life, medical and dental plans represents the liability for claims in progress and claim fluctuations under those plans at the end of the year.

d. Multi-employer defined benefit plans

Two multi-employer defined benefit plans provide benefits to employees of the City of Regina, the Qu'Appelle Health Region (the Regina General Hospital Division and Community Health Division), Buffalo Pound Water Administration Board, Regina Public Library, and the non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan. The following represents the amounts for these plans:

	Superannuation & Benefit Plan	Long-Term Disability Plan	**Total 2012**	Total 2011
Benefit expense	13,279	517	**13,796**	13,519
(Deficit) surplus of plan assets over benefit obligation per plan financial statements - unaudited	(251,510)	14,054	**(237,456)**	(280,779)
Contribution rate as a percentage of salary:				
Members	8.42 - 13.96%	0.92%		
Employers	8.42 - 13.96%	0.92%		
Employee contributions	13,143	517	**13,660**	13,649
Date of most recent actuarial valuation	Dec 31, 2010	Dec 31, 2010		

The contributions by the participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. The portion of the annual benefit costs and of the asset surpluses (deficits) that are attributable to the City cannot be easily determined.

Accordingly, the multi-employer plans are accounted for on the defined contribution basis. No portion of the asset (deficit) surplus of the plans are recognized in these financial statements. The benefit expense reflected in the financial statements is equal to the City's contributions for the year.

e. Defined contribution pension plan

The Casual Employees' Superannuation and Elected Officials' Money Purchase Pension Plan is a defined contribution plan. Pension fund assets are invested in marketable investments of organizations external to the City. Benefit expense is limited to the City's contributions to the plan.

8. Employee benefit obligations (continued)

e. Defined contribution pension plan (continued)

	2012	2011
Casual employee members' contribution rate	**3.00 %**	3.00 %
Elected official members' contribution rate	**6.95 %**	6.95 %
Members' contributions	**277**	264
Benefit expense	**277**	264

9. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2012	2011
General		
Land	**77,909**	64,222
Land improvements	**47,251**	46,567
Buildings and building improvements	**57,054**	58,772
Vehicles and equipment	**115,653**	112,345
Office and information technology	**8,956**	10,254
Infrastructure		
Plants and facilities	**151,645**	133,715
Roads	**289,282**	254,726
Underground and other networks	**390,453**	355,190
Bridges and other structures	**15,809**	16,242
	1,154,012	1,052,033
Assets under construction	**53,560**	69,207
	1,207,572	1,121,240

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 3).

During the year write downs of assets were $nil (2011 - $nil). In addition, tangible capital assets contributed to the City totalled $51,753 (2011 - $29,711), which were capitalized and recorded as revenue at their fair value at the time of receipt.

10. LANDFILL CLOSURE AND POST-CLOSURE

Legislation requires closure and post closure care of solid waste landfill sites. Closure care includes final covering and landscaping of the landfill and implementation of drainage and gas management plans. Post closure care requirements include cap maintenance, groundwater monitoring, gas management system operations, inspections and annual reports.

	2012	2011
Estimated closure and post-closure costs over 40 years after capacity is reached	**80,310**	66,045
Discount rate	**3.772 %**	4.035 %
Discounted cost	**52,794**	41,139
Expected year capacity will be reached	**2028**	2029
Capacity (m3):		
Used to date	**9,465,000**	8,855,000
Remaining	**1,850,700**	4,545,000
Total	**11,315,700**	13,400,000
Percent utilized	**83.64 %**	66.08 %
Liability based on the percentage used	**44,160**	27,186

The liability recognized in the financial statements is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgment. Amounts could change by more than a material amount in the long term. During 2012 there was a change in the estimated capacity.

The unfunded liability for the landfill will be paid for per the annual approved budget where capital expenditures will be funded from the Solid Waste Reserve and operational expenses will be funded through the operating budget, resulting in a reduction in the transfer to the Solid Waste Reserve.

Financial assurance on projects related to construction liability, including landfill are handled as follows:

*Requirement of a Performance Bond and a Labour & Material Payment Bond, both in the amount of 50% of the total contract price for each contract. The Performance Bond is typically in place through the 2-year warranty period and provides assurance that the contractor will perform and complete the contracted work. If they do not the bonding company will either take over the project to completion or compensate the owner up to the value of the bond for completion of the work. The labour & material payment bond protects the owner from a general contractor not paying their subcontractors or material suppliers. The bonding company would pay any unpaid subcontractors or material suppliers up to the value of the bond.

10. Landfill closure and post-closure (continued)

*Builder's Lien Holdback - A provincial act requires that the City withhold payment each progress certificate for 45 days. Similar to the labour & material payment bond the intent is to protect subcontractors and material suppliers who do not get paid by the general contractor.

*Deficiency Holdback - The City contract provides the right for the owner to withhold payment for deficient work. Typically the holdback is not released until the deficiency is corrected and in some case it will not be released if the contractor decides to not complete the work.

*Insurance - The City contract requires the general contractor to have insurance jointly in the name of the City for each project. The City has fairly significant general requirements for all contracts and include special insurance requirements for unique projects. ie. environmental insurance for environment selective projects.

11. COMMITMENTS AND CONTINGENCIES

The City is committed to the following payments over the next five years under operating leases and service agreements:

2013	**399**
2014	**306**
2015	**254**
2016	**177**
2017	**195**
	1,331

The City is budgeting to spend $123,384 in capital expenditures in 2012. The major projects included in this amount along with the amount budgeted in 2012 are as follows:

1) Roadway network improvements - $17,025 - consists of new road construction for locations approved as part of the Regina Road Network Plan and include brand new roadways typically adjacent to new development areas and roadways widening projects in existing built areas of the City.

2) Street infrastructure renewal - $18,143 - this program is to provide preservation to the existing street infrastructure and to provide funds for implementation of engineering studies, designs, construction, construction management and administration to support the City's street infrastructure renewal.

3) Fleet replacement - $11,324 - to replace the City's fleet of fire, transit and other civic vehicles.

4) Buffalo Pound Water Treatment Plant upgrades - improvements are required at the Buffalo Pound.

Water Treatment Plant to continue meeting quantity and quality of treated water delivered to Regina and Moose Jaw. The City has committed $10,000 in the 2013 utility capital budget for this project.

11. Commitments and contingencies (continued)

The City has also committed to the following four projects:

1) North Central Shared Facility Expense Sharing Agreement - the expense sharing agreement is made between the Board of Education of the Regina School Division No. 4 of Saskatchewan, the City and the Regina Public Library Board. The City's share is 25.2% and based on that the City has authorized a maximum contribution of $8,800 of which $440 was paid in 2011. Per the same agreement the Regina Public Library's share is 3.6%. The Regina Public Library's maximum contribution is $1,250 of which $nil has been paid in 2012 (2011-$90).

2) Regina Revitalization Initiative - as at December 31, 2012 the total committed amount for the five Regina Revitalization projects was $8,400, and had expenditures of $4,100 in 2012.

3) Wastewater Treatment Plant upgrades - as at December 31, 2012 the City has a commitment to deliver services under the Wastewater Treatment Plant upgrades and costs could be up to $224,000.

4) CP Rail Land Purchase - as at December 31, 2012 the City put a deposit of $750 for the purchase of CP Rail Land and are committed to pay the remaining $6,750 in 2013.

The City has various other legal matters pending which, in the opinion of management, will not have a material effect on the City's consolidated financial position or results of its operations.

12. PROPERTY HELD FOR RESALE

Property acquired through the tax enforcement process and held for sale is recorded at the lesser of cost and net realizable value. Cost is equal to the outstanding taxes including any applicable penalties, as well as the costs incurred in acquiring the land. The valuation allowance reflects a potential reduction in the carrying value that may be realized upon sale. Land acquired other than through the tax enforcement process and held for sale is recorded at lower of cost or net realizable value.

	2012	2011
Property held for resale	**661**	706
Valuation allowance	**(651)**	(672)
Property held for resale, net of allowance	**10**	34
Acquired property held for resale, net of allowance	**32**	39
	42	73
Property held for resale, estimated fair value - unaudited	**7,392**	12,334

13. ACCUMULATED SURPLUS

Accumulated surplus represents the equity of an organization. In determining accumulated surplus, revenues and expenses are recognized as they are earned and incurred, according to PSAS.

Council through its annual budget process and other policies and bylaws may fund certain amounts on a basis that differs from the expense recognition basis prescribed by PSAS.

Unappropriated surpluses represent equity relating to certain entities consolidated within the City's financial statements that have not been designated for a specific use by that entity.

Appropriations for capital projects and reserves represent amounts that have been internally restricted for specific purposes.

Obligations to be funded from future revenues represent amounts recognized as expenses according to PSAS, that will be funded from future revenues.

Infrastructure to be funded from future service agreement fees represent infrastructure that has been constructed by the City, the costs of which are expected to be funded from future service agreement fees.

	2012	2011
Unappropriated surpluses:		
Regina Downtown Business Improvement District	**50**	73
Regina Regional Opportunities Commission	**585**	718
Regina Public Library	**1,098**	2,024
Regina's Warehouse Business Improvement District	**(32)**	39
Investment in tangible capital assets	**1,207,572**	1,121,240
Appropriated surpluses:		
General capital projects	**55,211**	47,218
Utility capital projects	**79,870**	85,916
Reserves	**163,249**	142,277
Infrastructure to be funded from future service agreement fees:		
Water, wastewater and drainage	**(34,735)**	(43,127)
Obligations to be funded from future revenues:		
Long-term debt	**(81,550)**	(89,900)
Employee benefit obligations	**(52,009)**	(51,110)
Landfill closure and post-closure	**(44,160)**	(27,186)
Capital lease obligations	**(1,323)**	(1,395)
Accumulated surplus	**1,293,826**	1,186,787

14. RESERVES

	2012	2011
City of Regina reserves:		
General utility reserve	**63,026**	49,292
Facility reserve	**400**	-
General fund reserve	**27,051**	35,946
Landfill reserve	**18,318**	10,752
Land development reserve	**6,496**	8,364
Asset revitalization reserve	**7,644**	4,794
Equipment replacement reserve	**4,354**	1,373
Social development reserve	**4,145**	4,875
Planning & sustainability reserve	**3,990**	781
Winter road maintenance reserve	**3,523**	3,523
Regina Police Service general reserve	**2,354**	2,143
Asphalt reserve	**1,246**	1,115
Grants reserve	**936**	832
Golf course reserve	**730**	850
Technology reserve	**644**	436
Employer provided parking reserve	**537**	708
Cemetery reserve	**520**	479
Pest management reserve	**296**	137
Regina Police Service radio equipment reserve	**111**	223
	146,321	126,623
Group Benefits reserves:		
Group life insurance reserve	**5,008**	4,959
Dental benefits reserve	**1,631**	1,591
Medical - City of Regina reserve	**732**	605
Police services premium reduction reserve	**379**	379
Police long-term disability reserve	**51**	87
	7,801	7,621
Other Entities`reserves:		
Regina Public Library reserves	**7,288**	6,540
Buffalo Pound Water Administration Board capital replacement reserve	**1,416**	1,042
Regina Downtown Business Improvement District reserve	**321**	349
Regina's Warehouse Business Improvement District infrastructure reserve	**102**	102
	9,127	8,033
	163,249	142,277

15. TAXATION REVENUE

	Budget (Unaudited) 2012	**Actual 2012**	Actual 2011
Total taxation revenue levied	-	**290,323**	277,386
Taxies levied on behalf of others:			
Regina School Division No. 4	-	**(79,023)**	(76,719)
Regina Roman Catholic Separate School Division No. 81	-	**(36,457)**	(35,443)
Taxation revenue	174,247	**174,843**	165,224
City of Regina			
Municipal levies	144,729	**142,512**	135,587
Grants in lieu	9,608	**11,050**	9,416
Supplementary taxes	900	**2,059**	1,254
Other	1,935	**1,737**	2,145
	157,172	**157,358**	148,402
Regina Public Library			
Taxation levies	15,188	**15,528**	14,990
Grants in lieu	1,064	**1,194**	1,033
	16,252	**16,722**	16,023
Regina Downtown Business Improvement District levies	665	**604**	639
Regina's Warehouse Business Improvement District levies	158	**159**	160
	174,247	**174,843**	165,224

Taxation revenues are recorded net of an allowance for uncollectible outstanding taxes and a provision for potential losses on assessment appeals outstanding. As at December 31, 2012, the following amounts are reflected in the Statement of Financial Position for these provisions:

Allowance for doubtful outstanding taxes netted against taxes receivable	-	**1,904**	2,147
Provision for assessment appeals included in accounts payable	-	**3,140**	1,745

16. GOVERNMENT TRANSFERS

	Budget (Unaudited) 2012	2012	2011
Operating transfers			
Federal	479	**970**	1,460
Provincial	44,617	**53,657**	46,919
	45,096	**54,627**	48,379
Capital transfers			
Federal	11,000	**16,078**	16,641
Provincial	7,248	**1,747**	5,713
	18,248	**17,825**	22,354
	63,344	**72,452**	70,733

Government transfers do not include grants in lieu of taxes received from the Federal and Provincial governments. These amounts are included with taxation revenue (Note 15).

17. GOVERNMENT PARTNERSHIP

BPWAB operates under an agreement between the Cities of Moose Jaw and Regina. Its purpose is to operate the water treatment plant at Buffalo Pound Lake and to supply water to the two cities at cost. Any (recovery) distribution of annual operating (deficit) surplus is shared between the cities according to their respective usage.

The following is a schedule of relevant financial information as stated within the financial statements of BPWAB for the year ended December 31, 2012 in thousands of dollars. Please note there are no known contractual obligations or contingencies as at December 31, 2012. These amounts represent 100% of the Board's financial position and activities:

	2012	2011
Financial assets	**4,238**	3,122
Tangible capital assets	**24,521**	25,667
Other non-financial assets	**70**	114
Total assets	**28,829**	28,903
Financial liabilities	**2,849**	2,264
Capital replacement reserve	**1,918**	1,413
Obligations to be funded from future revenues	**(459)**	(441)
Investment in tangible capital assets	**24,521**	25,667
Total liabilities and equity	**28,829**	28,903

17. Government Partnership (continued)

	2012	2011
Revenue	**10,186**	9,578
Expenses	**10,982**	10,331
Net loss	**(796)**	(753)

The above amounts are proportionately consolidated within the consolidated financial statements at 73.85% (2011 – 73.76%), the City's interest in the government partnership. After eliminating transactions between the City and the partnership, the following amounts have been included in the consolidated statements:

	2012	2011
Financial assets	**1,670**	1,644
Financial liabilities	**(711)**	(794)
Non-financial assets	**18,160**	19,016
Net assets	**19,119**	19,866
Revenue	**1,090**	1,182
Expenses	**6,800**	6,485

18. DEFERRED REVENUE

	December 31, 2011	Externally restricted inflows	Revenue earned	**December 31, 2012**
Provincial/Territorial Base Fund	5,682	1,003	(5,684)	**1,001**
Service agreement fees	7,765	18,258	(4,081)	**21,942**
Other	4,406	1,579	-	**5,985**
	17,853	20,840	(9,765)	**28,928**

19. FUNDS HELD IN TRUST

The City of Regina administers the following trusts. As related assets are not owned by the City, the trusts have been excluded from the consolidated financial statements. Following is a summary of the net assets of the trusts:

	2012	2011
Perpetual Care Trust	2,607	2,598
Williamson Driver Award	5	5
	2,612	2,603

20. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, public transit, and water. A new organizational structure was introduced in 2011 and formally took effect November 1, 2011, the key changes included: moving to three divisions from four; each division is led by a Deputy City Manager rather than a General Manager; creation of two Executive Director positions in charge of Legal, and Governance and Strategy. The three new divisions are City Operations, Community Planning and Development, and Corporate Services. The segmented information in these statements has been adjusted to reflect the new organizational structure described. For management reporting purposes the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. The financial activities of the City reported by Fund are included in Schedule 1. City services are provided by divisions and their activities are reported in these funds. Certain divisions that have been separately disclosed in the segmented information in Schedule 2, along with the services they provide, are as follows:

a. City Operations

City Operations is responsible for ensuring the City's infrastructure systems are effectively preserved, funded, and operated. This division preserves and operates municipal infrastructure involving roadways, traffic, water, drainage, waste water and solid waste to meet regulatory requirements and community needs. City Operations also includes fire services, parks and open space services and public transportation services.

b. Community Planning and Development

Community Planning and Development provides a long term comprehensive approach to planning, engineering and development processes to ensure the efficient use of land and community infrastructure. The division encompasses land use, neighbourhood, transportation and infrastructure planning, long range capital planning, development review, building permits and inspection, real estate services, community, recreation and cultural programs and services.

c. Corporate Services

Corporate Services provides services and support to both internal and external customers, enabling City Operations to maximize effectiveness and potential. Corporate Services includes Financial Services, Information Technology Services, Human Resources, Fleet Services, and Facilities Management Services.

d. Regina Police Services

20. Segmented information (continued)

d. Regina Police Services (continued)

Regina Police Services is responsible for the delivery of policing services within the municipality and is dedicated to a safe and caring community.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Operations by Segment (Schedule 2).

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.

CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION **Schedule 1**

For the Year Ended December 31, 2012

(in thousands of dollars)

	General Operating	Utility Operating	General Capital	Utility Capital	Total City of Regina
REVENUES					
Taxation	157,807	-	-	-	157,807
Fees and charges	51,939	93,866	61	24	145,890
Government transfers	53,334	1,465	16,188	172	71,159
Electrical distribution	30,075	-	-	-	30,075
Licenses, fines and levies	11,237	-	184	-	11,421
Gas distribution	5,620	-	-	-	5,620
Interest and penalties	1,096	262	-	-	1,358
Interest on portfolio investments	6,464	1,637	455	24	8,580
Realized gains on portfolio investments	3,006	-	-	-	3,006
Service agreement fees	(253)	-	1,343	13,606	14,696
Land sales	2,667	-	-	-	2,667
Other	13,567	452	590	652	15,261
Contribution of tangible capital assets	-	-	25,581	26,172	51,753
	336,559	97,682	44,402	40,650	519,293
EXPENSES					
Parks, recreation and community services	36,188	-	993	-	37,181
Police	66,990	-	142	-	67,132
Legislative and administrative services	39,945	-	6,808	-	46,753
Water, wastewater and drainage	(28)	52,539	-	8,743	61,254
Roads and traffic	23,702	-	4,991	-	28,693
Fire	42,254	-	(25)	-	42,229
Transit	27,737	-	(11)	-	27,726
Waste collection and disposal	29,360	-	637	-	29,997
Grants	5,498	-	-	-	5,498
Planning and development	14,167	-	-	-	14,167
Amortization	-	-	39,670	11,810	51,480
	285,813	52,539	53,205	20,553	412,110
Excess of revenues over expenses (expenses over revenues)	50,746	45,143	(8,803)	20,097	107,183

CONSOLIDATED STATEMENT OF OPERATIONS BY FUND AND ORGANIZATION **Schedule 1**

For the Year Ended December 31, 2012

(in thousands of dollars)

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	**Consolidated 2012**
604	-	-	16,722	159	(449)	**174,843**
18	514	6,393	1,595	13	(6,331)	**148,092**
-	1,108	-	1,108	-	(923)	**72,452**
-	-	-	-	-	-	**30,075**
-	-	-	-	-	-	**11,421**
-	-	-	-	-	-	**5,620**
-	-	21	-	-	-	**1,379**
-	-	-	-	-	-	**8,580**
-	-	-	-	-	-	**3,006**
-	-	-	-	-	-	**14,696**
-	-	-	-	-	-	**2,667**
53	-	-	-	-	(11,253)	**4,061**
-	-	-	-	-	-	**51,753**
675	1,622	6,414	19,425	172	(18,956)	**528,645**
693	1,729	-	16,417	206	(1,425)	**54,801**
-	-	-	-	-	-	**67,132**
-	-	-	-	-	(29)	**46,724**
-	-	5,604	-	-	(16,579)	**50,279**
-	-	-	-	-	-	**28,693**
-	-	-	-	-	-	**42,229**
-	-	-	-	-	-	**27,726**
-	-	-	-	-	-	**29,997**
-	-	-	-	-	(923)	**4,575**
-	-	-	-	-	-	**14,167**
36	82	1,303	2,375	7	-	**55,283**
729	1,811	6,907	18,792	213	(18,956)	**421,606**
(54)	(189)	(493)	633	(41)	-	**107,039**

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

For the Year Ended December 31, 2012

(in thousands of dollars)

	City Operations	Community Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
REVENUES					
Taxation	-	157,807	-	-	157,807
Fees and charges	32,747	17,465	667	95,011	145,890
Government transfers	16,824	10,570	6,373	37,392	71,159
Electrical distribution	-	-	-	30,075	30,075
Licenses, fines and levies	195	11,226	-	-	11,421
Gas distribution	-	-	-	5,620	5,620
Interest and penalties	-	1,098	-	260	1,358
Interest on portfolio investments	139	-	-	8,441	8,580
Realized gains on portfolio investments	-	-	-	3,006	3,006
Service agreement fees	18	1,647	-	13,031	14,696
Land sales	-	2,667	-	-	2,667
Other	1,017	532	1,309	12,403	15,261
Contribution of tangible capital assets	43,199	-	-	8,554	51,753
	94,139	203,012	8,349	213,793	519,293
EXPENSES					
Wages and benefits	85,423	20,961	60,115	31,026	197,525
Materials, supplies, contracted services and other goods	68,543	31,418	6,599	29,473	136,033
Utilities	12,321	96	365	3,923	16,705
Transfer payments/grants	298	4,257	51	2,214	6,820
Interest	-	-	-	3,547	3,547
Amortization	40,487	-	2,024	8,969	51,480
	207,072	56,732	69,154	79,152	412,110
Excess of revenues over expenses (expenses over revenues)	(112,933)	146,280	(60,805)	134,641	107,183

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

For the Year Ended December 31, 2012

(in thousands of dollars)

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	**Consolidated 2012**
604	-	-	16,722	159	(449)	**174,843**
18	514	6,393	1,595	13	(6,331)	**148,092**
-	1,108	-	1,108	-	(923)	**72,452**
-	-	-	-	-	-	**30,075**
-	-	-	-	-	-	**11,421**
-	-	-	-	-	-	**5,620**
-	-	21	-	-	-	**1,379**
-	-	-	-	-	-	**8,580**
-	-	-	-	-	-	**3,006**
-	-	-	-	-	-	**14,696**
-	-	-	-	-	-	**2,667**
53	-	-	-	-	(11,253)	**4,061**
-	-	-	-	-	-	**51,753**
675	1,622	6,414	19,425	172	(18,956)	**528,645**
295	1,001	1,992	11,262	9	(977)	**211,107**
353	568	2,679	5,155	197	(11,815)	**133,170**
-	160	933	-	-	(5,241)	**12,557**
45	-	-	-	-	(923)	**5,942**
-	-	-	-	-	-	**3,547**
36	82	1,303	2,375	7	-	**55,283**
729	1,811	6,907	18,792	213	(18,956)	**421,606**
(54)	(189)	(493)	633	(41)	-	**107,039**

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

For the Year Ended December 31, 2011

(in thousands of dollars)

	City Operations	Planning and Development	Regina Police Services	Corporate Services	Total City of Regina
REVENUES					
Taxation	-	148,402	-	-	148,402
Fees and charges	30,171	12,990	619	85,998	129,778
Government transfers	13,241	8,063	5,926	41,522	68,752
Electrical distribution	-	-	-	30,061	30,061
Licenses, fines and levies	1,065	10,032	-	-	11,097
Gas distribution	-	-	-	6,645	6,645
Interest and penalties	-	1,070	-	276	1,346
Interest on portfolio investments	150	-	-	8,516	8,666
Realized gains on portfolio investments	-	-	-	7,070	7,070
Service agreement fees	335	1,695	-	16,845	18,875
Land sales	-	9,871	-	-	9,871
Other	533	472	1,089	11,641	13,735
Contribution of tangible capital assets	24,730	-	-	4,981	29,711
	70,225	192,595	7,634	213,555	484,009
EXPENSES					
Wages and benefits	90,045	20,805	56,444	29,374	196,668
Material, supplies, contracted services and other goods	36,772	31,308	6,554	28,593	103,227
Utilities	13,951	29	443	4,194	18,617
Transfer payments/grants	351	3,828	43	1,688	5,910
Interest	-	-	-	3,909	3,909
Amortization	37,772	-	1,573	8,313	47,658
	178,891	55,970	65,057	76,071	375,989
Excess of revenues over expenses (expenses over revenues)	(108,666)	136,625	(57,423)	137,484	108,020

CONSOLIDATED STATEMENT OF OPERATIONS BY SEGMENT **Schedule 2**

For the Year Ended December 31, 2011

(in thousands of dollars)

RDBID	RROC	BPWAB	RPL	RWBID	Consolidation adjustments	**Consolidated 2011**
639	-	-	16,023	160	-	**165,224**
195	644	7,047	1,651	2	(6,847)	**132,470**
-	1,506	-	1,398	-	(923)	**70,733**
-	-	-	-	-	-	**30,061**
-	-	-	-	-	-	**11,097**
-	-	-	-	-	-	**6,645**
-	-	20	-	-	-	**1,366**
-	-	-	-	-	-	**8,666**
-	-	-	-	-	-	**7,070**
-	-	-	-	-	-	**18,875**
-	-	-	-	-	-	**9,871**
-	-	-	-	-	(10,252)	**3,483**
-	-	-	-	-	-	**29,711**
834	2,150	7,067	19,072	162	(18,022)	**495,272**
355	1,216	1,953	10,055	-	-	**210,247**
463	693	1,990	5,315	161	(10,230)	**101,619**
-	172	2,317	-	-	(6,851)	**14,255**
-	-	-	-	-	(941)	**4,969**
-	-	-	101	-	-	**4,010**
27	80	1,361	2,265	4	-	**51,395**
845	2,161	7,621	17,736	165	(18,022)	**386,495**
(11)	(11)	(554)	1,336	(3)	-	**108,777**

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS **Schedule 3**

For the Year Ended December 31, 2012

(in thousands of dollars)

	General				
	Land	Land improvements	Buildings and building improvements	Vehicles and equipment	Office and information technology
Cost					
Balance, beginning of year	**64,222**	**109,823**	**113,776**	**209,802**	**19,901**
Add:					
Additions during the year	**14,309**	**2,799**	**796**	**19,016**	**2,691**
Transfers from assets under construction	-	**575**	-	**573**	-
Less:					
Disposals during the year	**622**	**398**	**192**	**8,734**	**1,821**
Balance, end of year	**77,909**	**112,799**	**114,380**	**220,657**	**20,771**
Accumulated amortization					
Balance, beginning of year	-	**63,256**	**55,004**	**97,457**	**9,647**
Add:					
Amortization	-	**2,690**	**2,504**	**15,773**	**3,981**
Less:					
Accumulated amortization on disposals	-	**398**	**182**	**8,226**	**1,813**
Balance, end of year	-	**65,548**	**57,326**	**105,004**	**11,815**
Net Book Value	**77,909**	**47,251**	**57,054**	**115,653**	**8,956**

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS **Schedule 3**

For the Year Ended December 31, 2012

(in thousands of dollars)

	Infrastructure					
Plants and facilities	**Roads**	**Underground and other networks**	**Bridges and other structures**	**Assets under construction**	**2012**	2011
226,513	**561,316**	**508,975**	**26,190**	**69,207**	**1,909,725**	1,802,990
4,993	**43,085**	**31,671**	-	**26,177**	**145,537**	131,157
17,954	**12,089**	**10,633**	-	-	**41,824**	24,474
-	**10,055**	-	-	**41,824**	**63,646**	48,896
249,460	**606,435**	**551,279**	**26,190**	**53,560**	**2,033,440**	1,909,725
92,798	**306,590**	**153,785**	**9,948**	-	**788,485**	758,170
5,017	**17,844**	**7,041**	**433**	-	**55,283**	51,395
-	**7,281**	-	-	-	**17,900**	21,080
97,815	**317,153**	**160,826**	**10,381**	-	**825,868**	788,485
151,645	**289,282**	**390,453**	**15,809**	**53,560**	**1,207,572**	1,121,240

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GENERAL TRUST FUND

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Mezzanine Level
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Canada

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Fax: 306-757-4753
www.deloitte.ca

INDEPENDENT AUDITOR'S REPORT

To His Worship the Mayor and Members of City Council

We have audited the accompanying financial statements of the General Trust, which comprise the statement of financial position as at December 31, 2012, and the statement of revenue, expenditures and change in fund balance for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of General Trust as at December 31, 2012, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants

May 21, 2013
Regina, Saskatchewan

Member of Deloitte Touche Tohmatsu Limited

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General Trust Fund

STATEMENT OF FINANCIAL POSITION

(in thousands of dollars)

As at December 31

	Perpetual Care Trust	Williamson Driver Award	**Total 2012**	Total 2011
ASSETS				
Cash	213	-	**213**	44
Long-term investments (note 4)	2,533	5	**2,538**	2,700
Total Assets	2,746	5	**2,751**	2,744
LIABILITIES AND FUND BALANCES				
Due to the City of Regina	139	-	**139**	141
Fund balance	2,607	5	**2,612**	2,603
Total Liabilities and Fund Balances	2,746	5	**2,751**	2,744

See accompanying notes.

General Trust Fund

STATEMENT OF REVENUE, EXPENDITURES AND CHANGE IN FUND BALANCE

(in thousands of dollars)

For the year ended December 31

	Perpetual Care Trust	Williamson Driver Award	Total 2012	Total 2011
REVENUE				
Contributions	8	-	**8**	9
Investment income	139	-	**139**	141
Total Revenue	147	-	**147**	150
EXPENDITURES				
Cemetery maintenance	138	-	**138**	141
Total Expenditures	138	-	**138**	141
Excess of revenue over expenditures	9	-	**9**	9
Fund balance, beginning of year	2,598	5	**2,603**	2,594
Fund balance, end of year	2,607	5	**2,612**	2,603

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

(in thousands of dollars)

December 31, 2012

1. PURPOSE OF FUND

The General Trust Fund comprises the assets, liabilities, revenues and expenses of the following two trusts administered by the City of Regina (the City):

(a) Perpetual Care Trust - In accordance with *The Cemeteries Act, 1999*, a portion of the monies received by the City from the sale of cemetery plot rights is put into a trust and invested. The income from the trust is used to pay for care and maintenance of the plots. Special approval is needed from the Registrar of Cemeteries before trust capital can be used to fund care and maintenance.

(b) Williamson Driver Award - When a bond was bequeathed to the City of Regina with trust conditions attached, a trust was established under *The Trust Act*. Each year the income from the bond is used to provide a safe-driving award to a Regina Transit employee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Canadian Institute of Chartered Accountants (CICA). The following policies are considered to be significant.

(a) The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(b) Investments are recorded at cost less writedowns to reflect other than temporary declines in values. Any gains or losses are recognized on disposition of the investments.

(c) Investment revenue is recorded on the accrual basis.

(d) A number of new standards and amendments to standards, which may impact the General Trust Fund are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these financial statements. In particular, the following new and amended standards, which become effective for annual periods beginning on or after April 1, 2012 are:

PS 3450, Financial Instruments

PS 1201, Financial Statement Presentation

PS 3410, Government Transfers

The extent of the impact on adoption of these standards is not known at this time.

3. FINANCIAL INSTRUMENTS

The carrying value of the amount due to the City of Regina approximates fair value due to its short-term nature.

Long-term investments are primarily exposed to foreign currency, interest rate, and market risk.

Interest rate risk refers to the adverse consequences of interest rate changes on the General Trust Fund's cash flows, financial position and excess of revenues over expenditures. This risk arises from differences in the timing and amount of cash flows related to the General Trust Fund's assets and liabilities.

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments held in the pooled bond fund.

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market.

4. LONG-TERM INVESTMENTS

The long-term investments consist of a pooled bond fund. A pooled bond fund is a group of individual bonds managed by an investment manager. The market value of the pooled bond fund units is based on the market price per unit which is determined by the overall market values of each of the bonds in the fund.

	2012	2011
Investment cost	**2,538**	2,700
Market value	**2,647**	2,846

5. STATEMENT OF CASH FLOWS AND CHANGE IN NET FINANCIAL ASSETS

The statement of cash flows and the statement of change in net financial assets have not been prepared for the year ended December 31, 2012, as they would not provide additional information.

Related Boards and Authorities

Regina Regional Opportunities Commission (RROC)
255, 1919 Rose Street
Regina, Saskatchewan S4P 3P1
Fax: (306) 352-1630
Phone: (306) 522-0227
Contact: Mr. Larry Hiles

Buffalo Pound Water Administration Board
c/o City of Regina
Queen Elizabeth II Court
P.O. Box 1790
Regina, Saskatchewan S4P 3C8
Fax: (306) 694-1377
Phone: (306) 694-6050
Contact: Mr. Ben Boots

Regina Public Library
2311 – 12th Avenue
P.O. Box 2311
Regina, Saskatchewan S4P 3Z5
Fax: (306) 352-5550
Phone: (306) 777-6060
Contact: Ms. Gail Krugeron

Regina Downtown
140 – 2401 Saskatchewan Drive
Regina, Saskatchewan S4P 4H8
Fax: (306) 359-9060
Phone: (306) 359-7541
Contact: Ms. Judith Veresuk

Regina's Warehouse Business Improvement District
202 – 1275 Broad Street
Regina, Saskatchewan S4R 1Y2
Fax: (306) 585-1765
Phone: (306) 585-3948
Contact: Ms. Audrey Price

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